

LIBRARY BUDGET MANUAL



A GUIDE THROUGH THE PROCESS OF LOCAL GOVERNMENT BUDGETING

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The information contained in some of the chapters was adapted from:
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Key Ideas

Chapter 1: The Purpose of Budgeting



In this section, we will discuss the following:

- *What a library budget does for the Library Director and the taxpayers.*
- *How budgets reflect community goals.*
- *How a budget explains each line item as it relates to the government's overall policy.*
- *How the budget relates to the development and administration of policy.*
- *Why the budget is the most important managerial tool available to local government.*

THE PURPOSES OF BUDGETING

When attempting to explain the Library budget process, it is important to have an understanding of the word “budget.” The American Heritage Dictionary defines the word budget as, “an itemized summary of probable expenditures and income for a given period.” Providing a definition for a Library budget means different things to different groups. Taxpayers might view the Library budget from the perspective of a tax rate and express concerns over any increase in taxes. Analysts might look at a Library budget from a historical perspective and develop charts to see trends in revenues and expenditures. The Library Director might consider the word budget as a series of steps toward certification of budgets, tax rates and tax levies.

The Budget as a Process

Preparation of a Library budget is more than projecting for receipts and disbursements for a given year. The Library budget provides a map for the Library Director and taxpayers that identifies the operating costs considered essential to the successful operation of the Library office for a given period. The budget cycle for the Library Director is year-round in nature because budget development and implementation occur throughout the year.



The Library budget provides a map for the Library Director and taxpayers that identifies the operating costs considered essential to the successful operation of the Library for a given period.

The statement that the budget is a map implies that budgeting must be more than simply compiling an annual report to be approved by the Library Board. Each Library Director must constantly monitor receipts and expenditures and compare those to actual figures. The Library Director must insure that budget items are classified, expended, and estimated properly to maintain taxpayer trust. Continuity in process promotes constant reevaluation of Library priorities and assists the Library Director in identifying future trends and needs for the Library. The policies and procedures established by the Library Board support the identified trends and needs of the Library.



...the allocation of resources among different functions reflects both the particular goals that the government hopes to attain and the relative priorities assigned to each goal.

In an indirect way, every budget provides some statement of community goals. At a minimum, the allocation of resources among different functions reflects both the particular goals that the government hopes to attain and the relative priorities assigned to each goal. Additionally, the budget reflects the elected official's philosophy of local government. By programming funds for certain activities, by reducing or omitting other functions, the policymaker indicates those services that the government will (or will not) attempt to provide. For the politically successful official, these activities are a statement and a synthesis of community goals and expectations.

This "statement" of community goals may be either implied in the approved budget document, or expressly announced in a budget message. If the government's goals are implied, communities look at expenditures, levies, and revenue sources, and try to deduce which services the government will provide, how much of each service and so on.

An explicit statement of budgetary goals provides this information to the taxpayers. First, it tells them what the government intends to do, when, how and why. Second, it publicly states specific governmental objectives, which are important to both the local officials and the community. Third, it establishes expectations and avoids the mistaken impressions of what the government can or should do. That is, the citizen knows in advance what the local government intends to accomplish, and why one activity may have priority over another. The likelihood of misunderstandings downstream is therefore diminished, and the taxpayer is able to understand and participate in the budget process at the development and adoption stages.

Naturally, no local government can provide all things to all concerned. But a central, affirmative, and informative statement of what will be provided can dramatically reduce the confusion and dissatisfaction that is frequently demonstrated by citizen groups.

As a practical matter, there will probably be several statements of goals. Managerially, each department head or other responsible official should develop a fairly firm and complete idea of what his or her department or Board intends to accomplish. These individual objectives are then integrated and reconciled by the Library Board into a single, cohesive policy. The result is a comprehensive statement of governmental goals, indicating not only what the executive branch of the local government intends to do, but also reflecting executive decisions as to priority and practicality.

This budgetary statement or plan will then be presented to the adopting Library Board, along with supporting financial data. The legislative body, of course, is responsible for ratifying or modifying the executive's plans, and authorizing the official local budget to implement these policies and programs.

An express statement of goals is extremely valuable at this point, for the Library Board. It allows the approving body to make more effective and rational budget choices by relating specific budget items to overall government operations and assessing the

impact of any desired changes. For the Library Director, this kind of statement of goals simplifies the process of justifying a budget precisely because it explains to the Library Board and taxpayers how each line item in the budget contributes to the government's overall policy. Additionally, a budgetary statement integrates the proposed operations and costs of any single department with all others. As a result, the Library Director's political responsibilities are made easier because the information he or she must use to defend the budget proposal is presented in a complete and logical format. The chances of piecemeal changes or ill-considered reductions are thereby diminished, and the relationships between the budget document and local budget policies are explained in a straightforward and comprehensive manner.



For the Library Director, this kind of statement of goals simplifies the process of justifying a budget precisely because it explains to the Library Board and taxpayers how each line item in the budget contributes to the government's overall policy.

To summarize, the budget serves as a statement of community goals to the extent that the budget document and the budget message reveal the philosophy of the elected officials and relate that philosophy to proposed governmental activities or services, such that they address community needs and expectations.

The Budget as a Policy Instrument

The budget document is in one sense the culmination of the budget process. Since it is a tangible result of local policy decisions, one is tempted to view the budget document as the end product of the gruesome task of budgeting. As previously noted, however, the budget process is a continuous one. Because of this fact, the budget is not only a document but also an effective policy instrument.

This means two things: the budget is a means of establishing policy, and it is the financial method by which policy decisions are implemented. The first of these functions is accomplished through the budget's allocation of government resources. That process uses the budget as the instrument for translating community goals into government programs. The second function, the implementation of policy choices, uses the budget to ensure that government programs actually address these goals.



This means two things: the budget is a means of establishing policy, and it is the financial method by which policy decisions are implemented.

Even though government services and policy goals are coordinated when the budget is adopted, the two do not always remain synchronized. The government's activities may be very well managed, for instance, yet still not accomplish the intended goals. At this point, the budget is perhaps the most effective instrument for achieving policy objectives because it is the means by which financial resources may be reallocated.

The Budget as a Management Tool

It is clear that good government does not run itself--it must be managed. And nowhere does this managerial responsibility fall more heavily than on the locally elected public official. For innumerable reasons, local government has been forced to "make do with less." Given this situation, few officials can afford the luxury of sitting back and formulating policy, and then letting others worry about carrying it out. The local policymaker has to be an effective manager as well.

The budget is perhaps the most important managerial tool available to local government. Since almost everything which local government does is reflected in the budget, it is a comprehensive tool. Because virtually all governmental activities are funded through the budget, and because the budget is a continuous process, it is an effective tool for the public official because it provides an effective management device at every stage of governmental activity. While recognizing that the budget is a management tool, we should not forget that its other characteristics might be equally important to the Library Board.



The budget is perhaps the most important managerial tool available to local government.

Summary

So far, we have explained what a budget is and what it does. We have said that a budget is a process, a statement of goals, a policy instrument, and a managerial tool. Indeed, it may be all of these things simultaneously, since the four aspects are all related. These relationships may be better explained through the following example:

As the Library Director is compiling the budget, he/she reviews the activities within the Library. The department's present budget tells him/her how many people are on the payroll, how much it costs to maintain the Library office, and generally how much money it takes to operate the library as a whole. The budget also gives him/her some idea of the services performed by the Library during the past year.

To understand the Library budget realistically, however, the Library Director needs additional information: how large the Library is--that is, the number of patrons the library serves and what types of services are provided to taxpayers. The Library Director might also want to know the number of old and new patrons seeking assistance. This type of information allows the Library Director to evaluate the present budget against actual performance. To prepare next year's budget adequately, the director needs to know what the Library did in the past and what it is doing now. The director then compares those activities and costs to the services he expects the Library to perform next year.

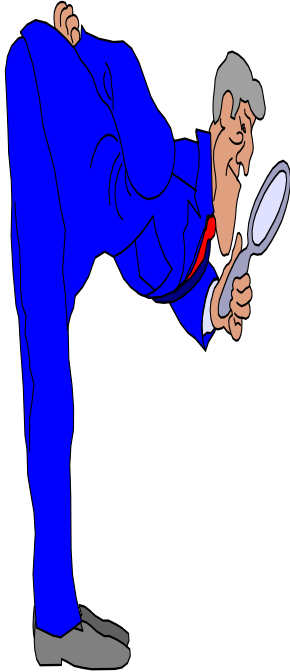
This kind of historical review is an example of the budget as a process. It serves as the roadmap that tells the Library Director where the Library has been and what it is doing, and helps determine what services will be provided during the next year.

Next year's activities, though, also depend on the Library Director's policy goals. The budget can be a statement of these goals and objectives either indirectly or explicitly. And the goals may mandate certain activities or limit others. If the Library Director determines that a reduction in services provided should occur, more funds might be allocated for computer and equipment and less for personnel assistance. This action is reflected in the budget and it indicates the Library Director's desires for his Library. As a statement of goals, the budget reflects the Library Director's philosophy and priorities.

While few officials consciously decide to use the budget for management or policy or as a statement of goals, it is important that the different aspects of budgeting be understood. By knowing how to work through the budget process, and how to use the budget to address a variety of problems, the local official is better able to fulfill his or her responsibilities. Moreover, the official is able to use that control for the benefit of the community. Readers should keep these concepts in mind throughout the following sections, asking themselves what they might do to make the Library budget more useful.

Summary

Chapter 1: The Purpose of Budgeting

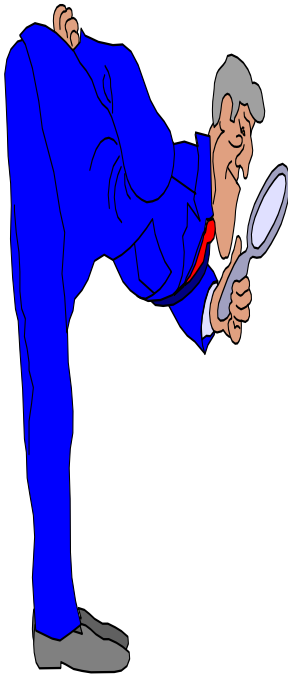


In this section, we have discussed the following:

- *The Library budget provides a map for the Library Director and taxpayers that identifies the operating costs considered essential to the successful operation of the Library office for a given period.*
- *The allocation of resources among different functions reflects both the particular goals that government hopes to attain and the relative priorities assigned to each goal.*
- *For the Library Director, this kind of statement of goals simplifies the process of justifying a budget precisely because it explains to the Library Board and taxpayers how each line item in the budget contributes to the government's overall policy.*
- *This means two things, the budget is a means of establishing policy, and it is the financial method by which policy decisions are implemented.*
- *The budget is perhaps the most important managerial tool available to local government.*

Key Ideas

Chapter 2: Organizational Responsibilities in Local Government Budgeting



In this section, we will discuss the following:

- *The two-stage review process of the local government budget.*
- *Who makes the final determinations of budgets, rates, and levies.*
- *A diagram of the local budget process.*
- *A diagram of the local budget appeal process.*

ORGANIZATIONAL RESPONSIBILITIES IN LOCAL GOVERNMENT BUDGETING

There is probably no aspect of local government budgeting that is so important, yet so diverse, as the matter of responsibility for preparing the annual budget. These differences, moreover, are not entirely dependent upon the size or assessed valuation within a particular Library, or the kinds of problems facing it.

The principal explanation for different organizational responsibilities is found in the fact that the budget is not only a financial plan for the Library, but also a political statement of goals for the community. This is the “roadmap” mentioned earlier, and it is a reflection of the political philosophy of the community.

In general, the Library Director is responsible for developing the local budget insofar as the elected executive determines what the function of the Library is and how will officials attempt to accomplish goals in the coming year. Often this is accomplished initially by individual personnel within the Library, at the direction of the elected executive.

The Library Director is typically responsible for preparing the formal budget documents, performing both administrative and financial duties. This involves not only the mathematics of collecting and verifying expense estimates, but also the analysis and forecasting of local revenues and intergovernmental transfers, and the actual preparation of budget documents.

Finally, in every instance, the Library Board is charged with formally adopting the annual budget. More to the point, the local legislative body levies property taxes and appropriates public monies from the property tax and other funding sources, thereby legislating the local government’s “work program” for the coming year.

Once the local government budget is approved by the Library Board, it is subject to a two-stage review process: first by the local County Tax Adjustment Board through the advertisement of proposed tax rates for all taxing districts, and secondly by the Hearing Officers for the Department of Local Government Finance. The Department of Local Government Finance makes final determinations of budgets, rates, and levies.



Once the Library Board approves the local government budget, it is subject to a two-stage review process:
(1) the local County Tax Adjustment Board, and
(2) the Hearing Officers for the Department of Local Government Finance.
The Department of Local Government Finance makes final determinations of budgets, rates, and levies.

While the complete review and appeal process will be discussed in a later section, it should be noted here that ten or more taxpayers, or one taxpayer that owns property that represents a least ten percent (10%) of the taxable assessed valuation in the political subdivision may initiate an appeal from the County Tax Adjustment Board if they feel that the local budget's tax levies or appropriations are too high. And they may renew these appeals (or make new ones) to the Department of Local Government Finance after the County Tax Adjustment Board has made its decisions. In addition, the Library itself may appeal to the state from any adverse determinations by the County Tax Adjustment Board.

It should be noted that all counties do not opt to appoint a County Tax Adjustment Board. In those counties that do not have a County Tax Adjustment Board, the Auditor assumes the role of the County Tax Adjustment Board and properly gathers and publishes the tax rates of the various taxing districts in the county.

Two other general considerations should be noted with regard to budgetary appeals. No taxpayer is authorized to appeal budget decisions on the grounds that tax levies or appropriations are too low, except in cases where the budgeted amounts fall below statutorily established minimums. Decisions of the Department of Local Government Finance are final, permitting no further appeals except, possibly, through the courts.

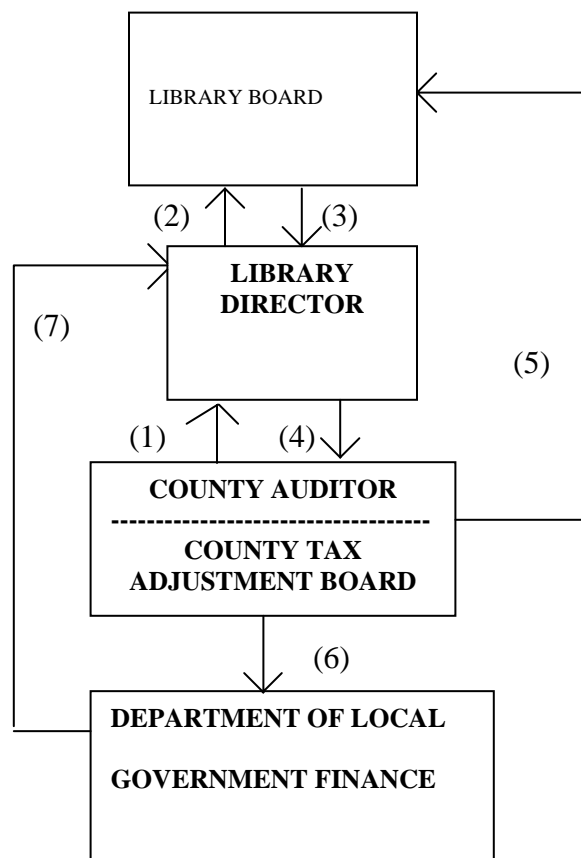
Notwithstanding these commonalities in the budget process, it is a fact that in many jurisdictions the responsibilities for preparing and adopting the local budget are performed differently in practice.

Precisely because the budget process is in part a political process, it is impossible to say that there is a single uniform way of preparing the budget. The process differs according to the political, managerial, and personal dynamics of the elected and appointed public officials involved in preparing, adopting and approving the budget. In addition, there are few statutory assignments of responsibility for local government budgeting, other than those general ones set out above.

It should be noted, though, that the illustration only indicates those budgeting steps that are required by statute. Most Libraries, however, find that merely adhering to these few requirements is both inadequate and unsatisfactory. Other procedures are usually necessary, and these are largely dictated by the local government situation.

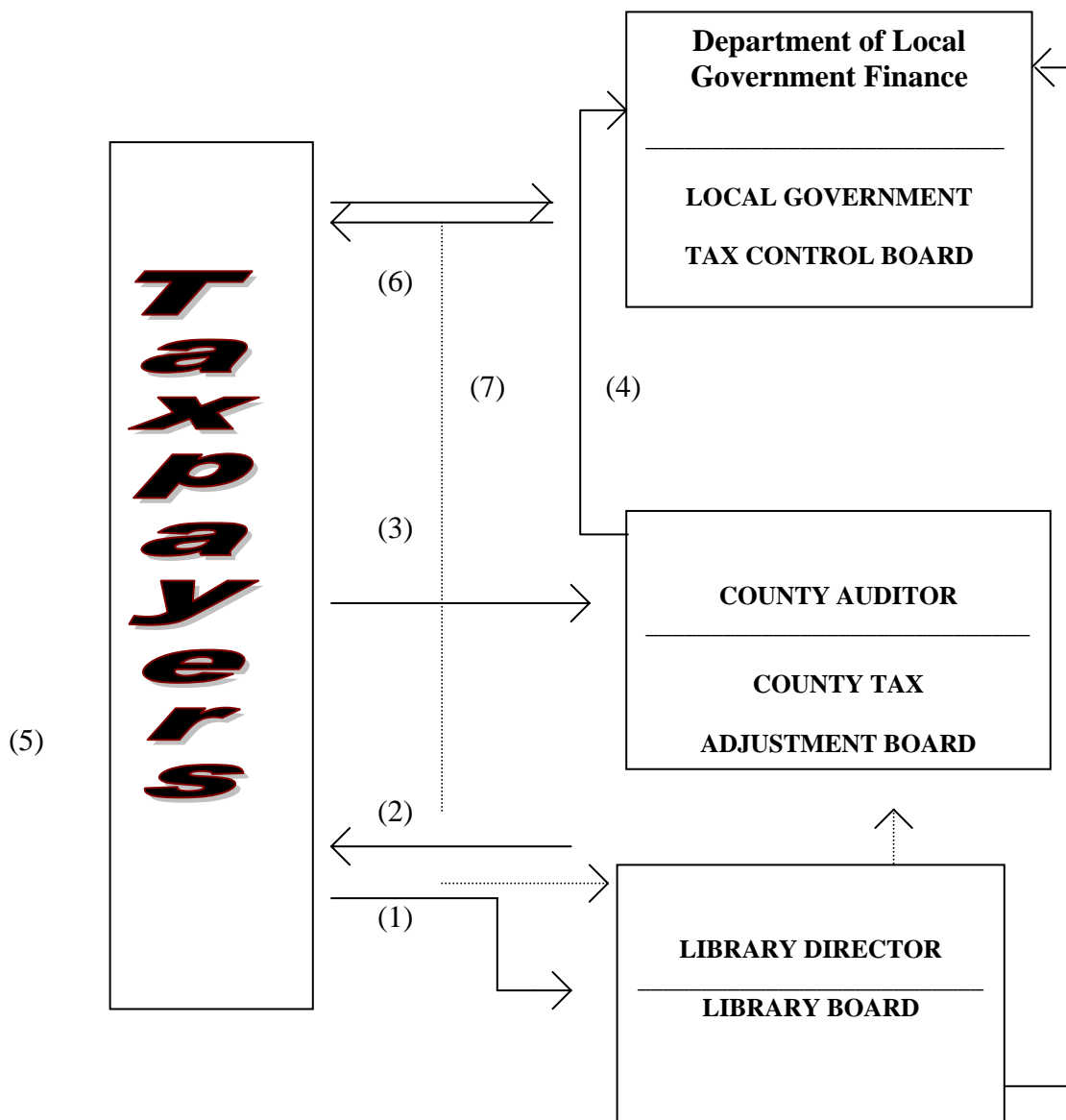
The second flowchart represents the appeal process for Libraries and for taxpayers, after the budget has been approved at the local level.

Figure 1. Local Budget Process



- (1) Budget Estimate Worksheets distributed by Library-June-July
County Auditor sends tax distribution/assessed values-August.
- (2) Budget Estimates/Worksheets to Library-August.
- (3) Adopted Budget returned to Library Director-September.
- (4) Budget forwarded to County Tax Adjustment Board-September.
- (5) Results of County Tax Adjustment Board returned to Library Director by County Auditor-October.
- (6) County Tax Adjustment Board results sent to Department of Local Government Finance-October.
- (7) Department of Local Government Finance returns approved budget, tax rates, tax levies and appropriations to Library after any possible appeals from actions of County Tax Adjustment Board- on or before February 15.

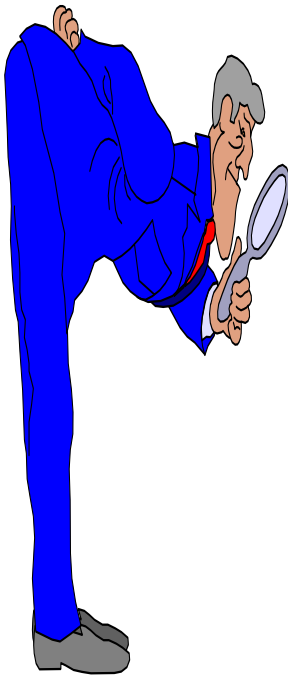
Figure 2. Budget Appeals Process



- (1) Taxpayers appeal budget, rate or levy after Library public hearing.
- (2) Library Board adopts findings at Adoption Hearing addressing taxpayer concerns.
- (3) Taxpayers appeal Tax Adjustment Board's publication of Library tax rates.
- (4) Auditor forwards objecting petition to Department of Local Government Finance.
- (5) Library Director has local budget hearing with Department of Local Government Finance.
- (6) Department of Local Government Finance address taxpayer concerns at local budget hearing.
- (7) Department of Local Government Finance certifies fund budgets, rates and levies for Library.

Summary

Chapter 2: Organizational Responsibilities in Local Government Budgeting

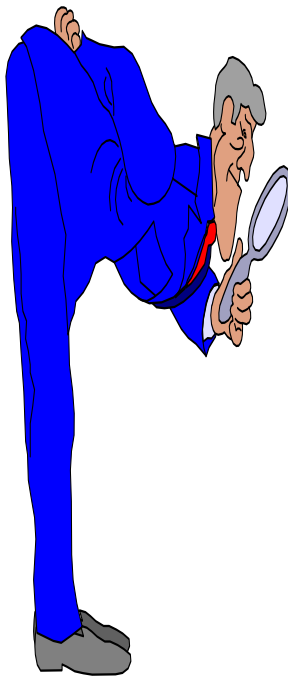


In this section, we have discussed the following:

- *Once the Library Board approves the local government budget, it is subject to a two-stage review process: (1) the local County Tax Adjustment Board, and (2) The Hearing Officers for the Department of Local Government Finance.*
- *The Department of Local Government Finance makes final determinations of budgets, rates, and levies.*

Key Ideas

Chapter 3: Budgetary Principles and Definitions



In this section, we will discuss the following:

- *The concept of balance as it relates to local government budgeting in Indiana.*
- *The organization of local government budgets.*
- *The State Board of Accounts established budgetary fund accounting method used for all local governments in the state.*

BUDGETARY PRINCIPLES AND DEFINITIONS

Indiana's local government budgeting system is based on a number of fundamental premises, which govern both substantive and administrative aspects of the budgeting process. Since these guiding principles and definitions are so essential to local government budgets in Indiana, they should be fully understood before proceeding further.

Balance

The concept of balance is one of the keys to local government budgeting in Indiana. It involves two related budgeting principles:

- Each Library Board annually adopts a single integrated and balanced budget that reflects the financial program of every office or function, both individually and collectively.
- Indiana law requires not only a balanced budget, but also one that individually balances each component fund or account.



A balanced budget is defined as available resources greater than the necessary appropriations at the end of the budget cycle.

Fund Accounts

Local government budgeting is organized into fund accounts that separate receipts and expenditures by source, purpose, function, and organizational unit within the local government. The purpose of classifying revenues and expenses according to such diverse criteria is to permit people with different interests to view the local government budget from the perspective that means the most to them. At the same time, of course, the use of fund account classifications is intended to make the local budget more useful to the elected official at every level of government.

Two basic principles of classification apply:

- Receipts within each fund are classified by source: Revenue Receipts and Non-Revenue Receipts.
- Disbursements from each fund are classified by Administrative Unit, and Object of Expense.

Uniform System of Accounts

It is called the Uniform System of Accounts and it prescribes both procedures and forms to be used in the preparation of the local budget and in the collection of revenues and the expenditure of funds. The primary purposes of the Uniform System of Accounts are these:

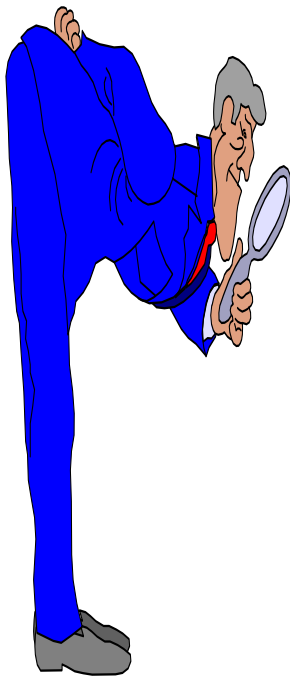
- To furnish responsible local officials with an effective aid in the management of the Library.
- To provide taxpayers with an adequate record of Library operations, and information on local government finances.
- To afford local officials, State and Federal agencies, and financial or investment analysts' sufficient statistical and economic data to assess the financial position of the Library.
- To provide officials at all levels with a uniform system for budgeting, accounting, and reporting.



Indiana's State Board of Accounts has established the budgetary fund accounting method for all local governments in the state.

Summary

Chapter 3: Budgetary Principles and Definitions

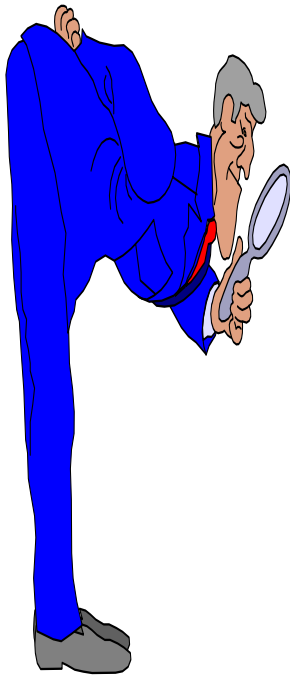


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- *The concept of balance is one of the keys to local government budgeting in Indiana.*
- *Local government budgeting is organized into fund accounts that separate receipts and expenditures by source, purpose, function, and organizational unit within the local government.*
- *Indiana's State Board of Accounts has established the budgetary fund accounting method for all local governments in the state.*

Key Ideas

Chapter 4: Budget Calendars and Financial Reporting Schedules



In this section, we will discuss the following:

- *The use of Budget Calendars.*
- *How Budget Calendars help the local official.*
- *The use of Financial Reporting Calendars.*

BUDGET CALENDARS AND FINANCIAL REPORTING SCHEDULES

The Department of Local Government Finance provides a budget calendar to local officials each year to provide timelines for the advertisement and adoption procedures required by law. Although the calendar is not prescribed by law, the dates are statutory requirements for the proper advertisement and adoption of ensuing year budgets. The calendar also contributes to the effective administration of the budget process. Many levels of government are involved in the review and approval of a local budget. Strict compliance with the reporting or activity dates set by the Department of Local Government Finance allows all involved to fulfill their statutory duties while better managing their time. If nothing else, following the established Budget Calendars at least allows every local official to plan his or her time more efficiently.



The Department of Local Government Finance prepares a Budget Calendar for local officials each year to provide timelines for the advertisement and adoption procedures required by law. If nothing else, following the established Budget Calendars at least allows every local official to plan his or her time more efficiently.

A Budget Calendar refers to the schedule of events prescribed by IC 6-1.1-17-5 and IC 5-3-1-2. Every level of government must accomplish certain actions to complete its budget and the dates on which, or no later than which, these actions may occur are established by law.

In addition, the state has established schedules of periodic reports or submissions related to the budget. Financial Reporting Calendars, which set out these reporting schedules, are therefore included, following the appropriate Library Budget Calendars.



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Library Budget Calendar:

January 1 to May 15	Library prepares proposed LCPF Plan and Plan Summary pursuant to IC 36-12-12-3. Library Board gives ten-day notice of a public hearing. Advertised one time in two newspapers. Library passes resolution to adopt the proposed LCPF plan. Library sends certified copy of LCPF plan to appropriate fiscal body.
August 1	Appropriate fiscal body holds a public hearing on the LCPF within thirty days or August 1, whichever is earlier.
August 31	Last date for first publication of budget (10 days prior to the Public Hearing date). IC 36-12-3-12(b)(1)
September 7	Last date for second publication of budget (at least 3 days before public hearing). IC 5-3-1-2
September 10	Last date for public hearing (at least 10 days prior to adoption date). IC 6-1.1-17-5(a)
September 19	Last date to file excessive levy appeals with the Department of Local Government Finance. Appeals for relief from property tax rate and levy limitations <u>must</u> be filed with the Department of Local Government Finance before September 20 to be eligible for consideration.
September 20	Last date for meeting of Library Board for adoption of budgets and tax rates (IC 36-12-3-12 (b)(2)). If no resolution is adopted, the provisions of IC 36-12-3-12 (b) are in effect (previous year's budget).
September 20	Last date to file Library Capital Projects plan with the Department of Local Government Finance.
Last date to file budgets with County Auditor (2 days after adoption meeting.)	IC 6-1.1-17-5(d) IC 6-1.1-17-5(d) reads, "Each year, at least two (2) days before the first meeting of the county board of tax adjustment held under IC

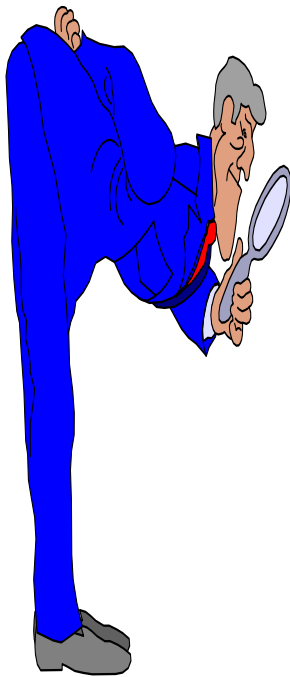
6-1.1-29-4, a political subdivision shall file with the county auditor:

- (1) a statement of the tax rate and tax levy fixed by the political subdivision for the ensuing budget year;
- (2) two (2) copies of the budget adopted by the political subdivision for the ensuing budget year; and
- (3) two (2) copies of any findings adopted under subsection (c)."

October 1	Last date for County Tax Adjustment Board to complete its duties.
(10 days after Publication)	<p>Last date on which 10 or more taxpayers or one taxpayer owning 10% or more of the taxable assessed value may file with the County Auditor an appeal objecting to actions of the Tax Adjustment Board. The appeal notice must be filed within 10 days after the publication by the tax adjustment board of the proposed tax rates. (IC 6-1.1-17-13b).</p> <p>This is also the last date on which a taxing unit may file with the DLGF an appeal objecting to actions of the Tax Adjustment Board. The appeal must be filed within 10 days after the publication by the tax adjustment board of the proposed tax rates. (IC 6-1.1-17-15)</p>
February 15	On or before this date of the ensuing budget year, the Department of Local Government Finance certifies the budgets, property tax rates and levies for all taxing districts.

Summary

Chapter 4: Budget Calendars and Financial Reporting Schedules

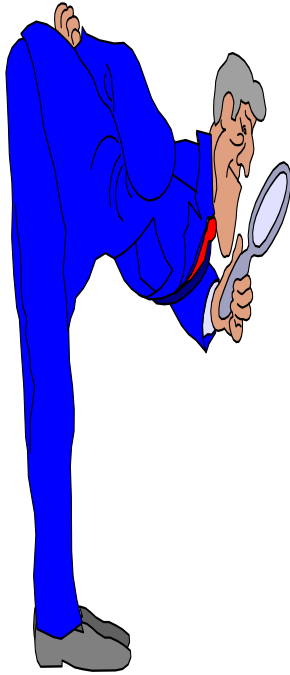


In this section, we have discussed the following:

- *The Department of Local Government Finance prepares a Budget Calendar for local officials each year to provide timelines for the advertisement and adoption procedures required by law.*
- *If nothing else, following the established Budget Calendars at least allows every local official to plan his or her time more efficiently.*
- *In addition, the state has established schedules of periodic reports or submissions related to the budget. Financial Reporting Calendars, which set out these reporting schedules are therefore included...*

Key Ideas

Chapter 5: Tax Rates & Tax Levies



In this section, we will discuss the following:

- *The role of Certification of assessed values by local officials*
- *The amount of annual maximum levy increases.*

TAX RATES AND TAX LEVIES

In terms of technical and administrative problems, the most difficult part of the budget process is establishment of an adequate tax rate and tax levy. This is particularly difficult because maximum levy limitations are in place for each Library. The maximum levy limitation controls the amount of property tax levied by a Library, thereby placing a cap on revenues available through property tax.

$$\text{Tax Rate} \times (\text{AV} / 100) = \text{Tax Levy}$$

or

$$\text{Tax Levy} / (\text{AV} / 100) = \text{Tax Rate}$$

When determining the levy required for a specific calendar year, Libraries are required to subtract from projected expenses any amounts of miscellaneous revenue that will be generated in lieu of property tax. The difference, or amount remaining, reflects what is required to be raised in property tax. If the levy, (line 10, Form 4B) remaining after subtraction of miscellaneous revenues is greater than the maximum levy limitation, a Library has two options:

- 1) an excessive levy appeal, if applicable; or
- 2) a reduction in line item expenditures during the current or proposed calendar year.

Unless the Library is pursuing an excessive levy appeal for budget purposes, the Library will automatically be required to reduce current year or ensuing calendar year expenses. A budget reduction is both a financial and political process. The financial aspect covers the requirement in Indiana for a balanced budget, operations within a maximum levy limitation, and avoidance of operating in the red. The political aspects of a balanced budget are evident. No discussion will follow on this area.



In preparing tax rates, local officials rely on the certification of assessed values by the County Auditor.

In preparing tax rates, local officials rely on the certification of assessed values by the County Auditor. The County Auditor works with the County Assessor to solidify values that represent the assessed valuation of all real and personal property within the county reported by the city or township assessor. The Department of Local Government Finance provides the Auditor and other official's data on valuation of public utilities and on specific taxation limitations.

This information is used by each local official in the determination of tax rates and levies for the ensuing calendar year. The information should be received no later than August 1st. If the Library Director does not have the information certified from the County Auditor, it should be requested without delay.

Property Tax Levies

Libraries are permitted growth under the current tax package. A maximum increase of 6% in levy is provided each year. Libraries experiencing more rapid growth may qualify for an additional increase through an excessive levy appeal. The excessive levy appeal procedure described in this manual allows for levy growth in excess of the norm. Proper procedures must be followed to attain this special exception (as explained in a later chapter in this manual). Before an appointed library board described in IC 6-1.1-17-20(a)(2)(B) may impose a property tax levy for the operating budget of a public library for the ensuing calendar year that is five percent (5%) greater than the property tax levy for the operating budget of the public library for the current calendar year, the library board must submit its proposed budget and property tax levy to the appropriate fiscal body for approval according to I.C. 36-15-14-2.



A maximum of a six percent increase in levy is provided each year. An increase of 5% of the operating budget requires approval from the appropriate fiscal body.

The maximum levy limitations are determined by the Department of Local Government Finance and represent the maximum amount of property taxes that may be raised in a given year. The information is furnished to Library Directors prior to preparation of ensuing calendar year budgets. Libraries have one maximum levy worksheet. This worksheet encompasses the Library operating budget. The estimate of funds to be raised through property taxes may not exceed the maximum levy established for the Library operating budget. This levy limitation includes the levy for Library operating, and other Library funds. The Library Director must balance the needs of the Library with the levy limitations.

It must be noted that Senate Bill 1 was passed in December 2003 and it amended IC 6-1.1-17-20 to include libraries. I.C 36-12-14-2 states an appointed library board shall submit its proposed operating budget and property tax levy for the operating budget to the appropriate fiscal body at least fourteen (14) days before the fiscal body is required to hold the budget approval meeting per IC 6-1.1-29-4. The appropriate fiscal body for a library is defined as follows:

1. If the library district is located entirely within the corporate boundaries of a municipality, the fiscal body of the municipality is the fiscal body for the library.
2. If the library district is not located entirely within the corporate boundaries of a municipality, but is located entirely within the boundaries of a township, then the fiscal body of the township is the fiscal body of the library.
3. If the library district is not located within the corporate boundaries of a municipality, or located entirely within the boundaries of a township, then the fiscal body of each county in which the library district is located is the fiscal body for the library.

Determination of the Library's proposed property tax rate is calculated on the 16-line statement or Form 4B, Estimate of Funds to be Raised. The Estimate of Funds to be Raised is the property tax levy desired for each fund. Step one involves determining the assessed valuation of taxable property within the Library's jurisdiction. This assessed valuation is provided by the County Auditor and certified to the Department of Local Government Finance. The same calculation is used for each fund with a property tax levy.

Step two requires the Library Director to take the estimate of funds to be raised on Line 16 of Form 4B and divide that amount by the total assessed valuation (per each \$100 of assessed valuation) for the taxing district to determine the tax rate needed to support the fund.

For example: Estimate of funds to be raised is \$100,000
Assessed valuation is \$160,000,000

Tax rate: $100,000 / (160,000,000 / 100) = .0625$ tax rate
(To check your work $.0625 \times 1,600,000.00 = 100,000$)

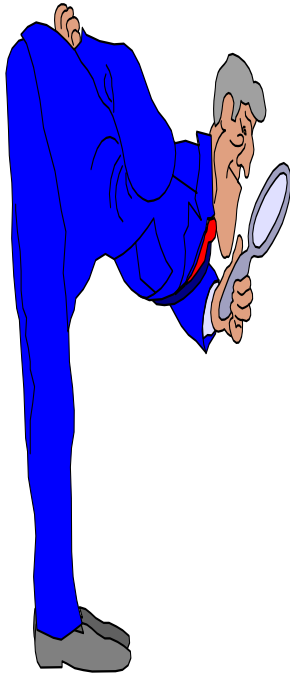
The tax rate calculated (.0625) represents the property tax rate needed to support this particular fund. The same calculation is made for all funds with a property tax levy.

Taxpayer Appeal to Property Tax Levies

I.C 6-1.1-17-13 gives allowance for ten (10) or more taxpayers or one (1) taxpayer that owns property that represents at least ten percent (10%) of the taxable assessed valuation in the political subdivision to initiate an appeal from the county board of tax adjustment's action on a political subdivision's budget by filing a statement of their objections with the county auditor. The statement must be filed not later than ten (10) days after the publication of the required notice. The statement shall specifically identify the provisions of the budget and tax levy to which the taxpayers object. The county auditor shall forward the statement, along with the budget, to the department of local government finance. The department of local government finance shall give notice to the first ten (10) taxpayers whose names appear on the petition, or to the taxpayer that owns property that represents at least ten percent (10%) of the taxable assessed valuation in the political subdivision in the case of an appeal initiated by that taxpayer, of the date, time, and location of the hearing at least five (5) days before the date of the hearing.. After the hearing, the Department will consider the testimony and evidence submitted at the hearing and mail the department's written determination and statement of findings to the first ten (10) taxpayers whose names appear on the petition, or to the taxpayer that owns property that represents at least ten percent (10%) of the taxable assessed valuation in the political subdivision in the case of an appeal initiated by that taxpayer.

Summary

Chapter 5: Tax Rates & Tax Levies



In this section, we have discussed the following:

- *In preparing tax rates, local officials rely on the certification of assessed values by the County Auditor.*
- *A maximum of a six percent increase in levy is provided each year.*

Key Ideas

Chapter 6: Getting Started: Budget Forms

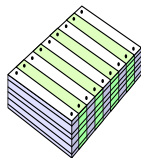


In this section, we will discuss the following:

- *Tips for putting together a local government budget.*
- *The Department of Local Government Finance Budget Order.*
- *Filling out Library Budget Form 1.*
- *Filling out Library Budget Form 2.*
- *Filling out Library Budget Form 3.*
- *Filling out Library Budget Form 4.*
- *Filling out Library Budget Form 4B.*
- *Filling out Library Budget Form 5.*

GETTING STARTED

FORMS



- Library Ledger
- Current Department of Local Government Finance Budget Order
- Approved Department of Local Government Finance Additional Appropriation Orders
- Budget Form 1 – Library Budget Estimate
- Budget Form 2 – Estimate of Miscellaneous Revenue
- Budget Form 3 – Notice to Taxpayers of Budget Estimates and Tax Levies
- Budget Form 4 – Resolution of Appropriations
- Budget Form 4B – Budget Estimate – Financial Statement – Proposed Tax Rate
- Budget Form 5 – Budget Submission Letter and Certificate



The first step in putting a budget together is to analyze the past year and current year budget.

TIPS

- Determine whether current items appropriated are actually needed.
Budgetary items that show no expenditures should not be appropriated.
- Should some appropriations be increased or should some be decreased?
Look at current and prior year disbursements - if money has been left over at the end of the year, you may want to consider reducing the appropriation, if additional appropriations were made, consider increasing the appropriation.
- Is there something new that will need to be funded?
- If I do add an item, can the Library afford it?
- Don't wait until last minute to formulate the new budget – Begin preparation as soon as possible after June 30.

Note: Budget Forms are scheduled to be available on the DLGF's website (www.in.gov/dlgf/) in spring 2007.

LIBRARY BUDGET ESTIMATE BUDGET FORM 1

Budget Form 1 is utilized to estimate the necessary expenditures for the ensuing budget year. The form is divided into four (4) budget classifications as follows:

Personal Services includes salaries, wages and employee benefits.

Supplies include office supplies, operating supplies and repair and maintenance.

Other Services and Charges are for services other than personal services, which are required by the Library in carrying out its assigned functions such as legal services, communications, printing, insurance, rentals and debt service.

Capital Outlays are for the acquisition of land, buildings, machinery and equipment.

This is further divided into the most common funds applicable to Libraries.

The “Items” column is used to indicate that amount which the director will present to the Library Board for their approval at time of adoption. The “Total Estimate” column is used to total each budget classification. The total of the form is then transferred to Line 1 of Budget Form 4B in the “Amount Used to Compute Published Budget” column.

The right most column headed “Approved” is for use by the Library Board in adopting the budget. The board should approve each line item and each major category is then totaled. This total is transferred to Line 1 of Budget Form 4B in the “Appropriating Body” column.

The form must be completed for each fund to be appropriated. To arrive at this amount, the Director must look at historical expenditures and anticipate future needs. As previously stated, if a certain item was increased in the previous year through additional appropriation, consideration should be given to increase the expenditure. If a substantial amount went unused in the previous year then the possibility of reducing or eliminating the item should be considered.

The Budget Form 1 should reflect those needs, which the Director considers necessary to perform the Library’s governmental function, without limiting the needs to comply with the maximum levy. In order for the Library Board to consider an excessive levy appeal, a need for the increase must be itemized. It becomes the Library Board’s responsibility to either make application for an excessive levy appeal or reduce appropriations to fall within the maximum levy guidelines.

IC 36-4-7-6 outlines the procedures for formulation of budget estimates. Simply, it is a five-step process.

Step 1: The library director prepares an estimate of the amount of appropriations required to operate the library in the ensuing budget year. Detailed line item estimates are presented to the Board. This represents the libraries operating cost.

Step 2: The library director prepares revenue estimates for the ensuing budget year, and determines the levy estimate for the library for the ensuing budget year. This detail is shown on Budget Forms 2 and 4B.

Step 3: The library director meets with the fiscal officer to review the various estimates.

Step 4: After the library director reviews and revises the proposed estimates, the fiscal officer prepares for the board a library budget estimate, miscellaneous expenses and revenues needed to support the estimates.

Step 5: The fiscal officer presents the budget estimates to the library board. The library board prepares an ordinance fixing the rate of taxation for the ensuing year and an ordinance making appropriations for the various departments and other library purposes for the ensuing year. The library board may reduce or modify any item it chooses.

Budget Order and Appropriations

Appendix A-8 shows an example of a Department of Local Government Finance Budget Order. For each fund, the appropriation, assessed value, levy, rate and 100% of levy approved by the Department of Local Government Finance is stated. Also stated on the Budget Order is the authorization to transfer money from the Levy Excess Fund to the General Fund. **Please note that the Budget Order is the only notification given for a Levy Excess Fund transfer.** Appendix A-9 shows an example of a Department of Local Government Finance Appropriation Order, which states the certified appropriations for each fund. Any expenditure that exceeds the stated appropriations must be accomplished by the Additional Appropriations procedure.

Levy Excess Fund

The Levy Excess Fund is a fund created to set aside property tax collections in excess of 100% for a given calendar year. Money in this fund is used to reduce the ensuing year's property tax levy. This reduction is reflected on line 15 of Budget Form 4B. The Department of Local Government Finance notifies each taxing unit of monies to be deposited into a levy excess fund on the levy excess worksheet provided to the County Auditor.

During the budget process, it is recommended that the taxing unit not detail levy excess on line 15 but rather allow a higher levy on line 16 to be advertised for budget purposes. This allows some flexibility in case a math error was made in determining the levy. The Department of Local Government Finance will insert any levy excess on line 15 during the budget review and hearing process.

Estimate of Miscellaneous Revenues

Budget Form 2

General:

Budget Form 2, Estimate of Miscellaneous Revenues accounts for revenue from all sources other than property taxes. The form is divided into two sections. Column A is for amounts expected to be received between July 1 and December 31 of the current budget year. Column B is for amounts expected to be received between January 1 and December 31 of the incoming budget year. This process accounts for revenues over an eighteen (18) month period

A separate Estimate of Miscellaneous Revenues must be prepared for each fund maintained by the Library. No fund, of course, is likely to use every line or row on the form, but every fund should generate some revenue. There are various means to estimate the anticipated monies but the most common is by historical evidence. Base the estimates over a three-year period, adjusting for any increases or decreases. The County Auditor will provide information on some revenues such as Column A excise tax, financial institution tax and certified share distributions. These estimates will be forwarded on the Auditor's Certificate. Other sources of revenue are loan proceeds and interest on investments.

The proper allocation of revenues to funds is extremely important. From a historical perspective, not only can total amounts be estimated but also whether those amounts are staggered throughout the year. The allocation of excise tax among the funds is probably the most difficult to estimate, especially for Column B. License Excise Tax is distributed to only those funds, which receive a tax levy. The allocation is based upon the percentage of total levy to each fund. The total amount of license excise tax does not, in most cases, significantly change. However, the allocation between the funds can be dramatic.

Example:

Total Actual Excise Distribution	1995	\$12,577
	1996	\$14,856
	1997	<u>\$15,992</u>
Three-Year Avg.		\$14,475

Fund	Levy	Percent of Levy	Excise to be Distributed
General	26,155	41	\$5,934
Debt service	36,883	59	\$8,541
Total	63,038	100%	\$14,475

- Step 1: Compute a three-year average of total actual excise tax received by the Library. Each year's total can be found on the Auditor's Certificate of Distribution, which is sent with the June and December Distribution.
- Step 2: Add the total amount levied from each fund for the incoming year.
- Step 3: Of the total amount from Step 2, divide that amount into each fund levy (e.g. $\$26,155 \div \$63,038 = 41\%$)
- Step 4: Multiply the three-year excise tax average by the result of Step 3. This represents the amount of excise tax allocated to the fund. (e.g. $\$14,475 \times .41 = \$5,934$)

It must be realized that the calculation of license excise tax will not be totally accurate. If the Library can estimate 90% of its actual distribution that is about as close as can be expected. The amount of excise to be distributed to each taxing unit during June and December Settlement is based upon that taxing unit's total property tax rates(s) as compared to other taxing unit's property tax rate(s). Excise distributions will fluctuate based on increases/decreases in property tax levies. Any excise refunds made in a taxing district also reduces the amount of excise distributions made between the taxing units in the district.

NOTICE TO TAXPAYERS OF BUDGET ESTIMATES AND TAX LEVIES

Budget Form 3

General

Budget Form 3 is used to advertise to the taxpayers the budgets and levies that are to be raised in the ensuing year. In addition, this form notifies the taxpayers of the dates of the public hearing and adoption of the budget. The form was revised in 2005. No prior forms may be used for notification to taxpayers.

Publication of Form 3

This form is to be published two (2) times. There must be a minimum of ten (10) days between the public hearing meeting date and adoption meeting date. This form must be published a minimum of ten (10) days prior to the public hearing. If the budget is to be published by a daily and a weekly newspaper, both advertisements must appear at least ten (10) days prior to the public hearing.

Ex: If the Public Hearing will be held on September 5, the adoption hearing cannot be held before September 15.

If an error was made in the preparation of the advertisement, a budget, rate or levy, it may be corrected in the second advertisement without penalty. If the newspaper fails to properly publish the advertisement a statement by the newspaper is sufficient. The newspaper must provide the documentation to the taxing unit to be included in the budget paperwork.

Conduct of Hearings

The public hearing is for the benefit of the taxpayer. Copies of the budget should be made available to interested taxpayers. The Library Board should ask for comments from those in attendance and allow them the opportunity to speak for or against any budgetary items. The adoption meeting is where the Library Board meets to take final action on the budget. Ten (10) or more taxpayers have the right to submit their objections to the budget within seven (7) days after the public hearing. The Library Board, at the adoption meeting, must consider those objections and submit their findings and final actions, in writing, with the budget when presented to the County Auditor. In short, each objection must be addressed and the reason for the action taken. The adoption hearing is a public meeting, however, taxpayers do not have the right to testify or comment on the Library Board's actions.

It is to the Library's benefit that taxpayer objections be addressed to potentially avoid a later objecting petition to the Tax Adjustment Board tax rate chart published by the County Auditor later in the fall.

Notification Section: Form 3 – Notice to Taxpayers

- Blank 1:* Insert Library name.
- Blank 2:* Insert the county in which the library is located.
- Blank 3:* Insert the Library name.
- Blank 4:* Insert the location where the meeting will be held (address).
- Blank 5:* Insert the year of the budget to be considered (ensuing year).
- Blank 6:* Insert time of the public hearing.
- Blank 7:* Insert month and date of public meeting.
- Blank 8:* Insert the year (current year).
- Blank 9:* Insert the location of the adoption hearing (address).
- Blank 10:* Insert the month and date of adoption meeting (must be at least ten (10) days from public hearing date).
- Blank 11:* Insert the year (current year).
- Blank 12:* Insert the time of the adoption hearing.
- Blank 13:* Insert the net assessed value from County Auditor's Certification.

Budget Estimates and Tax Levies- Form 3

Column 1: *Fund Name:* The preprinted names are those funds most commonly used by libraries. If a fund not listed is to be appropriated insert the fund name.

Column 2: *Budget Estimate:* The budget estimate is the amount of money that is to be appropriated for each fund. This amount is taken from Budget Form 1 (see Appendix A-1 and A-2) Total Budget Estimate. If an amount is not placed in this section, no appropriation may be approved regardless of action taken by the appropriating body at the time of adoption.

Column 3: *Maximum Estimated funds to be raised (including appeals and levies exempt from maximum levy limitations):* This amount represents the tax levy required to fund the appropriation indicated in Column 2 (Budget Estimate). The amount is taken from Line 16 of Budget Form 4B (see Appendix A-7). This line must also include any amounts, which represent excessive levy appeals. *If no amount is indicated in this section, no tax levy may be approved regardless of action taken by the appropriating body at time of adoption.*

Column 4: *Excessive Levy Appeals (included in Column 3):* This column represents the additional amount to be levied above the maximum permissible levy. This amount is included in Column 3 (maximum estimated funds to be raised). The amount in Column 4

is supported by an appeal to the Department of Local Government Finance under IC 6-1.1-18.5.

Note: A library may only appeal its library maximum levy.

Column 5: *Current Tax Levy*: This column represents the amount of tax levy currently being collected for each fund. This amount is indicated on the Budget Order Certification form for the current year.

Levy Section: Form 3

Blank 1: Insert ensuing budget year.

Blank 2: Insert Library maximum levy from Maximum Levy Sheet provided by the Department of Local Government Finance.

Blank 3: If the county has adopted the County Adjusted Gross Income Tax (CAGIT) the County Auditor will inform each Library of the amount of property tax replacement credit applicable. This figure can also be obtained from the Maximum Levy Sheet provided by the Department of Local Government Finance.

Blank 4,5,and 6: Insert the names of the library board members.

Blank 7: Insert the month, date and year signed by the library board members.

This completes Budget Form 3

RESOLUTION OF APPROPRIATIONS

Budget Form 4

This form is the resolution formally approving the money appropriated on Budget Form 1 for the ensuing budget year. Additionally, this form supports/negates the action taken with respect to Budget Form 4B for levies and tax rates. The Library Board members affirm their action by signing in the appropriate column, “yea” or “nay.”

The Director approves the action of the Board members and the signatures are attested by each. This form must be completed by the Library Board to approve the Library budget for the ensuing year.

The adoption date on this form should be the last date the Board acted on the budgets, tax rates and tax levies for the library. This form should not be completed during the initial public hearing(s).

Budget Form 4 is extremely important. The top section of the form is used by the Director to certify to the County Auditor that the budget in-fact was adopted.

Blank 1: Insert the ensuing year.

Blank 2: Insert the ensuing year.

Move to the center section of the form under “Section 2.”

Blank 3: Insert the proper amounts for personal services for the ensuing year.

Blank 4: Insert the proper amounts for supplies for the ensuing year.

Blank 5: Insert the proper amounts for other services and charges.

Blank 6: Insert the proper amounts for capital outlays.

The bottom section of the form serves as a resolution for the budgets adopted. It specifies which Board members voted “yea” and which Board members voted “nay.”

The bottom section has the date the library board approved the budget.

Note: If no resolution is adopted, the provisions of IC 36-12-3-12(b) are in effect (previous year’s budget allowed).

BUDGET ESTIMATE – FINANCIAL STATEMENT – PROPOSED TAX RATE
Budget Form 4-B

General

Budget Form 4-B is used to account for those monies necessary to be raised for the ensuing budget year. The form is designed to account for an eighteen (18) month period, being the last six (6) months of the current budget year and the entire ensuing budget year.

This form is commonly referred to as the ***16 Line Statement***, which is derived from the numbers in the left most column. (In past years the line indicating the Net Tax Rate was not indicated by a number.) The form is also broken into four (4) sections:

- (a) **AMOUNTS USED TO COMPUTE PUBLISHED BUDGET:** This section is completed based upon the budget estimate as originally prepared for the budget advertisement.
- (b) **APPROPRIATING BODY:** This section is completed based upon the budget as adopted by the Library Board. The Line 1 and Line 16 amounts may be the same or less than advertised, but cannot be more. The adopted rates are reflected on Budget Form 5.
- (c) **TAX ADJUSTMENT BOARD:** This section is not completed by the Library.
- (d) **CONTROL BOARD AND DLGF FINAL ACTION:** This section is not completed by the Library.

Unit and Fund Identification Section: Form 4B

The top of the form is used to identify the unit, fund name and assessed value of the fund necessary to compute the tax rate. The top left of the form, which indicates ID, YEAR, CO, TYPE, and FUND may be left blank.

- Blank 1:* Taxing Unit – insert name of the Library.
- Blank 2:* County – insert name of the county.
- Blank 3:* Fund – insert the name of the fund being computed.
- Blank 4:* Net Assessed Valuation – insert the assessed valuation applicable to the fund. The County Auditor provides this figure in the Auditor’s Certificate provided to each Taxing Unit by August 1.

Financial Section

The financial section of the form, Lines 1 through 17, is divided into four sections:

1. The Appropriations Section – Lines 1 through 5
2. The Income Section – Lines 6 through 9
3. Amounts to be Raised by Tax Levy – Lines 10 through 16
4. Net Tax Rate – Line 17

Lines 1 through 5

Line 1: Represents the total budget estimate for the ensuing budget year. This figure is taken from the total of Budget Form 1 for the appropriate fund.

Line 2: Represents the amount of remaining appropriations for the period July 1 through December 31 of the current budget year. This line is not estimated. It is the result of the following:

(a) Current year approved appropriations from Department of Local Government Finance Budget Order

PLUS

(b) Any amounts encumbered from the immediate prior year

PLUS

(c) Department of Local Government Finance approved additional appropriations during the period January 1 through June 30 of the current year. (This does not include those additional appropriations which may have been held prior to July 1, but rather those which have been approved by the Department of Local Government Finance for the period.)

MINUS

(d) Appropriated disbursement during the period January 1 to June 30 of the current year. (Do not include disbursements that are not appropriated, (e.g.. investment purchases or disbursements to the levy excess fund.)).

The resulting computation is placed on Line 2

Line 3: Represents the amount of additional appropriations anticipated, if any, during the period July 1 to December 31 of the current year.

Line 4: Represents temporary loans, which have not been repaid prior to July 1 of the current year. This line is set out into two sections.

Line 4a: Are those temporary loans outstanding but must be repaid by December 31 of the current year.

Line 4b: Are those temporary loans outstanding but will not be repaid by December

31 of the current year. (This amount must be accompanied by a resolution of the Library Board stating the date of repayment.)

If levy excess has not been removed from the fund prior to July 1, then that amount is recognized as being a loan from the levy excess fund.

- Line 5:* Represents the total of Line 1 through Line 4b which represents the amount of appropriations needed for an eighteen (18) month period: Line 1 represents the ensuing year and Lines 2 through 4b represent current year appropriations.
- Line 6:* Represents the June 30 cash balance. This amount also includes any investments, which are evidenced by disbursements from the fund. Total monies invested or NOW accounts are not considered investments. This line must be the same as the June 30 ledger cash balance plus investments.
- Line 7:* Represents the amount of property tax money to be received in the current year's December distribution. If the June distribution was deposited after June 30, then this amount would reflect the entire year tax distribution, minus any advance draws distributed and received before June 30.
- Line 8a* Represents funds which are anticipated to be receipted into the fund during the period July 1 to December 31 of the current year other than property tax receipts. This amount is taken from the total of Column A, Budget Form 2.
- Line 8b* Represents funds which are anticipated to be receipted into the fund during the period January 1 to December 31 of the ensuing budget year other than property taxes. This amount is taken from the total of Column B, Budget Form 2.
- Line 9:* Represents the total of Lines 6 through 8b which is the total amount of cash from all sources to be received during the eighteen month period July 1 of the current year to December 31 of the ensuing year.
- Line 10:* Remainder of Line 5 from Line 9, which represents the amount of tax money necessary to fund the ensuing budget (Line 1).
- Line 11:* This line is probably the most misunderstood of the budgeting process. The purpose of Line 11 is to allow the unit of government sufficient funds to operate during the period January 1 to June 30, less any miscellaneous revenues received, of the year subsequent to the ensuing budget year. The reasoning behind this theory is that the first tax distribution does not occur until June, it would be reasonable to assume that a unit would not have funds to meet operating expenses during this period. Line 11 is used to estimate the necessary funds for that subsequent period. However, those funds, which are estimated in Line 11, must be raised from the ensuing year's maximum permissible levy.

Line 12: Total of Line 10 plus Line 11. This amount represents the total amount of property taxes to be levied in order to fund Line 1, budget for the ensuing year, and Line 11, operating expenses for the first half of the following year (e.g. 2007 ensuing year and first half of 2008).

Line 13: Represents the amount of property tax replacement credit used to reduce taxpayer property tax burden. If the county has adopted the County Adjusted Gross Income Tax (CAGIT) the County Auditor will supply this amount. The amount can also be found on the maximum levy calculation sheet provided by the Department of Local Government Finance.

Line 14: Subtract Line 13 from Line 12

Line 15: Represents that amount of tax money which was collected in excess of 100% of the certified budget levy calculated by the Department of Local Government Finance in the immediate prior year. **ONLY the Department of Local Government Finance will utilize this line.**

Line 16: Subtract Line 15 from Line 14. This amount represents the total amount of taxes to be levied to fund the ensuing year budget and the cash flow for the first half of the subsequent budget year for a particular fund.

Line 17: Represents the tax rate necessary to raise the levy required by Line 16 by the following steps:

- (a) Divide the Net Assessed Value, at the top of the sheet, by 100 (or move the decimal point 2 places to the left).
- (b) Divide Line 16 by the Net Assessed Value, per \$100.
- (c) The result should be taken to four (4) decimal points.

Example: Net Assessed Value = 300,121,370 divided by 100 or 3,001,213.70
Tax Levy Line 16 = \$1,986,203
 $\text{Tax Levy} / (\text{Assessed Value} / 100) = 1,986,203 / 3,001,213.70 = .6618$
Tax Rate (Line 17) = .6618

BUDGET SUBMISSION LETTER AND CERTIFICATE

Budget Form 5

General

Budget Form 5 is used to account for appropriations as *adopted* by the Library Board. The form is divided into two sections - budget and tax rates. Reference to individual line items should be indicated on Budget Form 1. The most frequently used fund names are preprinted on the form.

As this is the only form which indicates the official action of the appropriating body, it is necessary that this form be completed in proper form.

Unit Identification Section

The top of the form is used to identify the unit and to certify the date of the adoption meeting. The top left of the form, which indicates ID 504, may be left blank. The proper preparation of the form is as follows:

- Blank 1:* Insert name of county.
- Blank 2:* Insert the name of the library.
- Blank 3:* Insert the location of the library.
- Blank 4:* Insert the county in which the library is located.
- Blank 5:* Insert the ensuing year.
- Blank 6:* Signature of Library Board President.
- Blank 7:* Signature of Library Board Secretary.
- Blank 8:* Signature of Library Board Treasurer.

Certificate and Resolution of Tax Rates

- Blank 1:* Insert the ensuing year.
- Blank 2:* Insert name of Library.
- Blank 3:* Insert County in which library is located.
- Blank 4:* Insert fiscal year (current year).
- Blank 5:* Insert ensuing year.
- Blank 6:* Insert tax rate adopted for library operating fund.
- Blank 7:* Insert tax rate adopted for library debt service fund.
- Blank 8:* Insert tax rate adopted for library capital project fund.
- Blank 9:* Insert tax rate adopted for library improvement reserve fund.
- Blank 10, 11 and 12:* Insert tax rates adopted for other library funds.

The Bottom Section is for the Library Board Members “yea” or “nay” approval of the ensuing year budgets and tax rates. Each member signs under the appropriate column.

BUDGET ORDER

The Budget Order is the *final* action of the Department of Local Government Finance. All other work which a Library may receive from the Department of Local Government Finance should be considered a “Working Draft” and must not be considered as any type of approval. By statute, the Department of Local Government Finance must certify all budgets on or before February 15 of the proposed budget year.

The “Budget Order” informs the unit of the approved appropriations and rate for each fund which was submitted. The “Budget Order” also informs the unit how much and to which fund to deposit the amounts carried in the Levy Excess Fund. This form will be utilized when preparing the proposed budget and should be filed for easy access.

The “Levy Excess Report of Taxes Collected in 20xx” report may be included with the “Budget Order” assuming that the Auditor has made the final distribution and reported such to the Department of Local Government Finance prior to the issuance of the “Budget Order”. If not, the report will be forwarded under separate cover. This statement informs the unit of each fund’s property tax collections in the immediately proceeding budget year. The figure shown as “100% of Certified Levy” represents the amount of property taxes levied for each fund (Line 16 of Budget Form 4B as finally approved by the Department of Local Government Finance) multiplied by 100%. It is recommended that a new column in the ledger be made and entitled “Levy Excess”. Any amounts which are collected in excess of the 100% must be disbursed from those funds and deposited in the “Levy Excess Fund”. The Department of Local Government Finance will reduce the ensuing budget levy (Line 16) in the same amount of the total in the Levy Excess Fund. In short, Levy Excess is treated as a prepayment of taxes.

The “Budget Order and 100% of Budget Levy Certification” (see Appendix A-8) shows the levy which was approved for each fund and the 100% calculation. Please note the bottom of the form which states that if the *total* amount of levy excess from all funds is less than \$100 there is no need to deposit that amount in the Levy Excess Fund.

The “Budget Appropriations” order (see Appendix A-9) shows appropriations for each fund which were *finally* approved by the Department of Local Government Finance. The approved budget for each fund is broken out by budget classification (1000 – Personal Services; 2000 – Supplies; 3000 – Other Services and Charges; 4000 – Capital Outlays). Each Library ledger should be set up using these appropriations.

Summary

Chapter 6: Getting Started: Budget Forms



In this section, we have discussed the following:

- *Tips for putting together a local government budget.*
- *The Department of Local Government Finance Budget Order.*
- *Filling out Library Budget Form 1.*
- *Filling out Library Budget Form 2.*
- *Filling out Library Budget Form 3.*
- *Filling out Library Budget Form 4B.*
- *Filling out Library Budget Form 4.*
- *Filling out Library Budget Form 5.*

Key Ideas

Chapter 7: Excessive Levy Appeal Process



In this section, we will discuss the following:

- *The excessive levy appeal process.*
- *The time frame for filing an excessive levy appeal with the Department of Local Government Finance*
- *The different appeals available to Libraries.*
- *How to include an excessive levy appeal in the budget process.*

Excessive Levy Appeal Process

The following section describes the excessive levy appeal process for libraries. Before beginning, it is important to have a general understanding of what an excessive levy appeal is and how the appeal ties into the budget process. An excessive levy appeal is a request for consideration of an exception to the property tax control laws due to a need for an increase in levy for a library that is experiencing increased growth or increased operating expenses. The increase requested is above the normal maximum levy limitation in place by statute. The following outlines the excessive levy appeal process, time frame for consideration of an appeal, application to be filed and current appeals available.

Process

Any library that determines that it cannot carry out its governmental functions for the ensuing calendar year under the levy limitations imposed by statute, may on or before **September 19** of the year preceding the ensuing calendar year appeal to the Department of Local Government Finance for an increase in levy. The appeal must be submitted to the following address:

Department of Local Government Finance
Attention: Budget Division
Indiana Government Center North
100 North Senate Ave, Room N-1058
Indianapolis, IN 46204-2211

The Library Director is required to file a written petition with the Department of Local Government Finance stating that it cannot carry out the functions required by law and must supply a detailed statement outlining the need for an appeal. The Department of Local Government Finance submits the appeal petition to the Administrative Officer of the Local Government Control Board for consideration of the appeal.

The Library Director may/may not be required to appear before the Local Government Tax Control Board for consideration of the appeal. The Local Government Tax Control Board reviews the petition and the financial information and makes a recommendation to the Department of Local Government Finance. The Local Government Tax Control Board is a recommending body only. The Department of Local Government Finance will make the final decision and an order will be issued to reflect the final determination.

Library Directors who fail to submit the required information may be denied. The Director may not submit a new application until the next subsequent taxing year.

Time-frame

A library board must consider application for an appeal during budget preparation. Any excessive levy appeals become part of the library budget estimates for the ensuing calendar year. When the executive officer is preparing budget estimates for the ensuing calendar year, the amount of the excessive levy appeal you wish to be considered by the Library Board and by the Department of Local Government Finance must be included in your estimated levy on line 16 and budget estimate reflected on line 1 of Library Form 4B. This levy figure must be inflated above your current maximum levy limitation to support consideration of an appeal. Ex: If an appeal for Reallocation of Property Tax Replacement Credit is pursued and the fiscal officer foresees an increase in levy of \$10,000 then the net amount to be raised on Line 16 of Form 4B should include the \$10,000 appeal to be considered by the Library Board and Department of Local Government Finance plus the normal levy requested. If a Library Board fails to adopt the excessive levy appeal requested, the Department of Local Government Finance will not consider the request. It is the fiscal officer's responsibility to advertise and adopt high enough for consideration of an appeal.

In addition, the fiscal officer must include the amount of the appeal on the excessive levy appeal line of the advertised budget form 3. This notifies taxpayers that an appeal will be considered by the local fiscal body. Exclusion of the amount of the appeal results in a denial of the appeal.

Application

Each year, the Department of Local Government Finance mails to each fiscal officer a "Report of Appealing Taxing Unit" (see Appendix A-10 through A-17) that identifies the type of excessive levy appeals available to all taxing units for the ensuing calendar year. The appeal petition is submitted directly to the Department of Local Government Finance's Budget Division, Indianapolis Office. Taxing units may copy their Budget Field Representative with the appeal paperwork; however, it is the taxing unit's responsibility to ensure the appeal is filed with the Department of Local Government Finance's Indianapolis Central Office.

The fiscal officer must complete the top section of the appeal application (Report of Appealing Taxing Unit), which provides the Budget Division with the appropriate mailing information. The blanks include the library's name, county, fiscal officer's name, address, city/state/zip, telephone, and fax. The hearing notice will be mailed to the name and address listed in this section.

The fiscal officer must indicate the type and amount of appeal to be considered on the first page of the appeal application by filling in the dollar amount of the requested levy increase next to the appropriate appeal type. The Administrative Officer for the Local Government Tax Control Board must be able to identify which appeal the fiscal officer is applying for before a hearing will be scheduled.

The fiscal officer must specify why an appeal is necessary. This should not consist of a general statement that expenses have increased. The fiscal officer should specify which costs have increased or what services cannot be provided to taxpayers and the explanation should support the entire need for the appeal. Additional pages can be attached if the space provided is not ample.

- 1) **Annexation, consolidation or other extensions of governmental services to additional geographic areas or persons:** This appeal is applicable to libraries that expand services to additional geographic areas (such as a township) that did not previously have library services. The appeal allows a library to collect additional revenues to support the increased operating costs due to the extension of services. Copies of any annexation/extension of services ordinances must be provided to the Administrative Officer of the Control Board. Libraries must also detail the line item increases in the budget associated with the cost of providing more services. Annexations/extensions of services occurring after March 1 of the current year are not included on this appeal but would be eligible for consideration during the ensuing calendar year. This appeal results in a permanent increase to the unit's maximum levy.
- 2) **Three-year growth factor:** This appeal is applicable to taxing units that experience excessive growth over a three-year period. A unit qualifies for the appeal if its average assessed value growth quotient (AVGQ) over the last three years exceeds the statewide average growth quotient by at least 2%. The statewide average growth quotient is based on the six-year average statewide growth in Indiana Non Farm Personal Income and can be found on the unit's maximum levy worksheet. Because the six-year average of Indiana Non Farm Personal Income changes each year, the library must annually calculate the average in accordance with the excessive levy appeal forms available through the Department of Local Government Finance.

The amount of growth factor allowable for this appeal is the difference between the Statewide Average Growth Factor and the library's three-year assessed value growth. This appeal results in a permanent increase to the unit's maximum levy.

To calculate the library's three-year growth factor, the following formula can be used:

- Step 1:** Determine your certified assessed values for the last four years.
- Step 2:** Calculate your assessed value growth for each of the last three years.
- Step 3:** Calculate the average assessed value growth quotient by taking the sum of the results of Step 2 and dividing by three (3).
- Step 4:** Calculate the amount of increase to the maximum levy. The amount of increase is calculated as follows: average assessed value growth quotient minus the statewide maximum levy growth factor equals the percent of increase to the maximum levy (this would be in addition to the automatic increase in levy).

- 3) **Correction of advertising errors, mathematical errors or errors in data.** This appeal allows a taxing unit to increase its maximum levy for a correction of an advertising error, a mathematical error, or an error in data. The unit must provide documentation that identifies the type and amount of errors made. The Department of Local Government Finance will review the information presented and consider the appeal. This appeal is temporary and results in an increase in levy for one year only.
- 4) **Shortfall due to erroneous assessed valuation:** This appeal is applicable to taxing units that experience a shortfall of property taxes due to an erroneous assessed value, or refunds due to successful appeals. The unit must state the specific cause of the shortfall and provide the following: Form 22's (Certificate of Tax Distribution) for all funds within the maximum levy, County Form 127CER (Register of Certificates of Error), and County Form 17TC (Certificate of Tax Refund Claims). Shortfall appeals without the appropriate documentation may be subject to disapproval and no shortfalls will be considered for delinquent tax payments. Anticipated shortfalls based on current year distributions will not be considered unless the unit can prove extreme financial hardship. This appeal is temporary and results in an increase in levy for one year only.

Documentation Required for All Appeal Types

For consideration before the Local Government Tax Control Board, all excessive levy appeal requests must include the following information in addition to the type of information required for the type of appeal under consideration:

- Report of appealing taxing unit.
- Ensuing year maximum levy sheet for funds under appeal.
- Ensuing year budget proof of publication
- Estimate of miscellaneous revenue (Budget Form 2) for funds under appeal.
- "16 Line" Financial Statement (Budget Form 4B) for funds under appeal.
- Resolution from fiscal body approving the excessive levy appeal.
- Ten (10) copies of all of the above.

Recommendation by Control Board

The Control Board reviews the appeal information and ensures proper procedures have been followed. The Control Board makes a recommendation to the Department of Local Government Finance approving, reducing, or disapproving an appeal request. *It is important to understand that the Control Board is a recommending body only.* The Department of Local Government Finance will make a decision based on the information presented and testimony given at the hearing. An order will be issued reflecting the final decision of the Department of Local Government Finance.

Additional Levy

If the Department of Local Government Finance approves an excessive levy appeal for a library, the amount will be “worked” in before certification of budgets, tax rates and tax levies for the library.

Summary

Chapter 7: Excessive Levy Appeal Process



In this section, we have discussed the following:

- *What an excessive levy appeal is and the process to file an appeal.*
- *There are several appeals available to libraries.*
- *The Local Government Tax Control Board makes a recommendation to the Department of Local Government Finance.*
- *Appeals must be considered as part of the local budget process.*

Key Ideas

Chapter 8: Additional Appropriations



In this section, we will discuss the following:

- *The additional appropriation process.*
- *The publication requirements for filing an additional appropriation.*
- *How to complete the certified copy of additional appropriation.*
- *How to transfer appropriations.*
- *How to obtain reconsideration of action on an additional appropriation.*

ADDITIONAL APPROPRIATIONS

The additional appropriation process is used to appropriate money in excess of the established current year budget. The following outlines the provisions for pursuing an additional appropriation.

The fiscal body of a library must act on all additional appropriations. Approval by the Department of Local Government Finance (DLGF) is limited to cash funds that receive revenue from property taxes levied under IC 6-1.1-18-5. Additional appropriations from the Rainy Day Fund and LIRF also require approval from the DLGF. State grant monies, such as Build Indiana grants, that are not required to be paid back and that are itemized and earmarked for particular expenditures do not necessarily need to be appropriated by the taxing unit in order to make such expenditures. The determination is under the assumption that the taxing unit receives the money up front and it is receipted into a separate fund and is not a reimbursement to a previously established fund that requires an appropriation. Grant monies must be expended in accordance with the grant budget.

Other additional appropriations (including those made from the proceeds of bonds and loans) must only be reported (*Reporting Only funds*) to the Department of Local Government Finance (DLGF). The DLGF will only acknowledge the receipt of information for funds that are designated as “Reporting Only”. In this process, there is a heavy reliance upon individual fiscal officers to provide the DLGF with accurate information.

The following steps should be followed when obtaining additional appropriations (authority to expend funds) that were not included in the annual budget.

STEP 1:

If the proper officers of a library desire to appropriate more money for a particular year than the amount prescribed in the budget for that year as finally determined by the DLGF budget order, they shall give notice of their proposed additional appropriation. The notice shall state the time and place at which a public hearing will be held on the proposal. The notice shall be given **once** in accordance with IC 5-3-1-2(b) for a public hearing on the proposal.

Publication requirements have not changed in terms of the number of newspapers to be used or the number of insertions. **Legal notices for additional appropriations, whether or not they require approval of the Department of Local Government Finance (“Reporting Only” funds), must be published one (1) time in accordance with IC 5-3-1-4, not less than ten (10) days before the public hearing on the proposal.** (Do not count the day of the public hearing.) Political affiliation of the newspaper is no longer associated with legal publication.

Ex: Public hearing is to be held on June 20. The notice for the additional appropriation must be published no later than June 10. Note: Ten days between June 10 and June 20. If you have a weekly newspaper in your library district, you are still required to publish in a timely manner.

A qualified publication as defined in IC 5-3-1-0.7 is as follows:

“(a) As used in this chapter, "qualified publication" means a publication that:

- 1) is published daily, weekly, semiweekly, or tri-weekly;
- 2) is of general circulation to the public;
- 3) has been published for at least three (3) consecutive years in the same city or town;
- 4) has continuity as to title and general nature of content from issue to issue;
- 5) contains news of general or community interest, community notices, or editorial comment;
- 6) contains advertisements from unrelated advertisers in each issue;
- 7) has, in more than one half (1/2) of its issues published during the previous twelve month period, not more than seventy five percent (75%) advertising content;
- 8) has a known office location in the county which it is published; and
- 9) has been entered, authorized, and accepted by the United States Postal Service as mailable matter of requester second class or of the third class (as defined in 39 U.S.C. 3623) for the time published.”

I.C. 5-3-1-4 covers the guidelines for publication requirements for all political subdivisions. A brief summary of requirements follows:

Library - IC 5-3-1-4(a) reads, “Whenever officers of a political subdivision are required to publish a notice affecting the political subdivision, they shall publish the notice in two (2) newspapers published in the political subdivision.”

- (1) IC 5-3-1-4(d) reads, “This subsection applied to notices published by officers of political subdivisions not covered by subsection (a) or (b), including township officers. If there is only one (1) newspaper published in the political subdivision, then the notice shall be published in that newspaper and if another newspaper is published in the county and circulates within the political subdivision in the other newspaper. If no newspaper is published in the political subdivision, then publication shall be made in a newspaper published in the county and that circulates within the political subdivision.”
- (2) IC 5-3-1-4(f) reads, “A political subdivision may, in its discretion, publish public notices in a qualified publication or additional newspapers to provide supplementary notification to the public. The cost of publishing supplementary notification is a proper expenditure of the political subdivision.

CROSS COUNTY LIBRARIES

If a political subdivision has territory in more than one county:

- (1) publish in **two** newspapers within boundaries of the political subdivision.
- (2) **if there is only one** newspaper published within the boundaries of the political subdivision, then publish in that paper and in any other newspaper that:
 - a) is published in the county in which the subdivision extends
 - b) has a general circulation in the political subdivision.
- (3) **if no** newspaper is published within the political subdivision's boundaries, then publish in two newspapers that:
 - a) are published in a county in which the political subdivision extends:
 - b) has a general circulation in the political subdivision.
- (4) **if only one** newspaper is published in any of the counties in which the subdivision extends, then publish in that newspaper if it circulates within the political subdivision.

*****Qualified publications must circulate to not less than ten percent of the population of the county in which the qualified publication is published. *****

(A sample Notice to Taxpayers and Proof of Posting are included at the end of this chapter.)

STEP 2:

The proper officers of the library shall hold the public hearing on the proposal as advertised. At the public hearing, action shall be taken to approve, reduce, or disapprove the additional appropriation as advertised. If the Board tables the request until the following month, the additional appropriation does not have to be re-advertised. The tabling of the request must be stated publicly and included in the minutes of the meeting. The library board should not adopt appropriations exceeding the amount advertised.

(A sample resolution/ordinance is included at the end of this chapter.)

STEP 3:

After approval at the public hearing, the proper officers of the library shall file a Certified Copy of their final proposal and any other relevant information with the Department of Local Government Finance. Information to complete this form is pulled from the Department of Local Government Finance 16-line statement provided at the fall budget hearing. Line items are identified for ease in determining the appropriate figures.

As the final step for additional appropriations that are “reporting only” the fiscal officer of the library, shall report the additional appropriation to the Department of Local Government Finance in the form of a Certified Copy. (DLGF approval is not required.)

The DLGF will rely on the Certified Copy of Additional Appropriations as verification by the library's fiscal officer that these events (notice published, meeting held, and resolution passed) have occurred. **The DLGF order approving additional appropriations is conditioned upon accuracy of the Certified Copy and the financial information provided.**

How to Complete the Certified Copy of Additional Appropriation Form:

Completion of the form is required to provide the Department of Local Government Finance with a financial worksheet to determine if the appropriate funds are available to support the library's additional appropriation request. If funds are not available to support the entire request, the request will be reduced by the difference between the amount requested and the amount available.

County name: Insert the name of the county in which the library is located.

Unit name: Insert the library name

Date of publication: This is to provide the Department of Local Government Finance with the dates the fiscal officer published notice of the additional appropriation. Recall that the additional appropriation must be advertised in two newspapers if two are available. The dates should be pulled from the newspaper publisher's affidavit.

Newspaper: Provide the name of the publisher of the newspaper advertisement for the additional appropriation. If only one newspaper is used, write not applicable in the second line.

Public Hearing: This is the date of the public hearing on the additional appropriation.

Resolution Date: This is the date the fiscal body passed the resolution approving the additional appropriation. The resolution date cannot be before the date of the public hearing.

Fund Number: This should come from your 16-line statement. Common fund numbers for a library are: 0101 General Fund, 0180 Debt Service Fund and, 2011 Library Improvement Reserve Fund.

Fund Name: Refer to the fund number section for the appropriate fund names.

Appropriation request: This should reflect the amount approved by the library board at the additional appropriation hearing.

Amount by reduction: If the library director is reducing a line item within a particular fund, then that is considered a reduction. The amount reduced by the library board is

inserted on this line.

Amount by surplus: This is the appropriation request minus the amount by reduction.

Line 1: Property tax levy. This reflects line 16 from the 16-line statement provided by the Department of Local Government Finance at the fall hearing.

Line 2: Levy excess applied. This reflects line 15 of the 16-line statement provided by the Department of Local Government Finance at the fall hearing.

Line 3: PTRC from CAGIT (Line 13). This reflects line 13 of the 16-line statement provided by the Department of Local Government Finance at the fall hearing. If you are a CAGIT county, this line should have an amount placed on it. If your county is non-adopting or COIT, this line would be zero.

Line 4: Miscellaneous Revenue estimate (Line 8B). This is line 8B on the 16-line statement provided by the Department of Local Government Finance at the fall budget hearing. If you are increasing the amount above what was determined at the budget hearing, a revised Form 2, Estimate of Miscellaneous Revenue, must be attached to the Certified Copy of Additional Appropriation supporting the increase requested. If no revised Form 2 is received, your request will be based upon the original miscellaneous revenue form determined by the Department of Local Government Finance.

Line 5: January 1 Cash balance, including investments. This is the cash balance in the appropriate fund as of January 1 of the current year. This figure is from the library ledger book.

Line 6: Total funds available. Simply add the first five lines on the worksheet. This represents total funds available before any appropriations are deducted for this fund.

Line 7: Original Budget. This is line 1 of the 16-line statement provided by the Department of Local Government Finance at the fall budget hearing.

Line 8: Encumbered appropriations. This amount would be any prior year carryovers that were done for a particular fund. An example: \$5,000 in capital outlays was encumbered for a copier that will not be paid for until the current year. The original appropriation was in place the prior year but the funds were not spent.

Line 9: Total beginning appropriations. Simply add lines 7 and 8. This represents the amount of funds already committed for this fund.

Line 10: Surplus funds (6-9). This represents line 6 of this worksheet minus line 9. These are the funds available at the beginning of the year.

Line 11: Amount appropriated since January 1st less any reductions in appropriations. This represents any additional appropriations done in excess of the

budget during the current calendar year. It does not include the current year budget.

Line 12: Amount transferred to the Rainy Day Fund. This represents the amount of funds transferred to the rainy day fund from this fund in the current budget year.

Line 13: Surplus funds remaining (10-11-12). This represents the total amount of uncommitted funds available for appropriation. If the amount on this line exceeds the amount requested, it is likely the additional appropriation will be approved if proper procedure has been followed. If the amount on this line is less than the amount requested, the appropriation approved will be the difference between the two figures.

The bottom of the Certified Copy of Additional Appropriation must be completed to reflect the fiscal officer's certification of the information contained within the worksheet. The form is forwarded to the Department of Local Government Finance for consideration. It is mailed directly to Department of Local Government Finance, Budget Division, 100 North Senate Avenue, Room N1058B, Indianapolis IN 46204.

STEP 4:

When the Department of Local Government Finance receives a Certified Copy for a proposed additional appropriation from funds requiring approval, the DLGF shall determine whether sufficient funds are available during the calendar year for the proposal. The DLGF shall issue a written determination within 15 days of receipt of the proposal. The DLGF shall limit the amount of the additional appropriation approval to revenues available, or to be made available, that have not been previously appropriated. The Certified Copy shall include the January 1 cash balance (including investments) and appropriations encumbered from the prior year(s). The fiscal officer to the Department of Local Government Finance certifies the accuracy of these figures.

If an appropriation is to be funded with income in excess of revenue estimates made at the time of the annual DLGF budget hearing, then information supporting such additional revenue must be provided at the time of submission. If revenue is available from carry-over cash that is not encumbered from the previous year or the current budget, supportive evidence is not necessary. Increased miscellaneous revenue must be shown by completing a revised Budget Form 2 (Estimate of Miscellaneous Revenues) detailing the increase. **If a Form 2 is not completed, the miscellaneous receipts will not be revised and the proposal will be denied for the amounts that cannot be funded.**

***** If information filed is incomplete, the Department of Local Government Finance will return the Certified Copy to the taxing unit. *****

STEP 5:

If the Department of Local Government Finance disapproves an additional appropriation, the reason for disapproval shall be specified on the written determination sent to the library.

STEP 6:

If the Department of Local Government Finance denies an additional appropriation and the fiscal officer believes the denial is in error, the fiscal officer may appeal to the Department of Local Government Finance for reconsideration. A request for reconsideration must:

- Be filed with the Department of Local Government Finance within fifteen (15) days of the receipt of the determination by the library; and
- State specifically the reason for the request for reconsideration.
- There is no form for the request for reconsideration. A letter accompanied with the relevant information will be considered.

Upon receipt of a request for reconsideration, the Department of Local Government Finance must act on the request within fifteen (15) days of receipt.

STEP 7:

The Certified Copy of Additional Appropriations and any revised Form 2's must be sent to:

**DEPARTMENT OF LOCAL GOVERNMENT FINANCE
BUDGET DIVISION
100 N SENATE AVE., ROOM N1058B
INDIANAPOLIS IN 46204**

SUMMARY OF ADDITIONAL APPROPRIATION PROCEDURES:

1. Notice to Taxpayers is published in accordance with IC 5-3-1-4 ten (10) days before the public meeting.
2. Public meeting is held on the date and time as advertised. Resolution/Ordinance is passed.
3. Appropriations requiring DLGF approval must be certified and are reviewed by the DLGF to insure that funds are available.
4. For funds that do not require approval (“reporting only”), the unit must report the fund and amount appropriated to the Department of Local Government Finance. The DLGF will only acknowledge the receipt of information for funds that are designated as “Reporting Only”.
5. The Department of Local Government Finance (DLGF) issues a written determination on appropriations requiring approval within fifteen (15) days of receipt. The deadline to submit additional appropriation requests to the DLGF is **December 15**. Appropriations are available for use once the DLGF approval is received.
6. If appropriations are denied, the unit may request within fifteen (15) days specific reconsideration of determination by the Department of Local Government Finance (DLGF).
7. The Department of Local Government Finance (DLGF) will respond to reconsideration request within 15 days of receipt.

ENTRIES ON THE CERTIFIED COPY AND APPROPRIATIONS REQUEST SHOULD BE TO THE NEAREST DOLLAR. DO NOT USE CENTS.

The Library Director or Treasurer may certify the Certified Copy as the fiscal officer.

TRANSFER OF APPROPRIATIONS

The transfer process allows for movement of appropriations between categories. This process differs from an additional appropriation because transfer requests do not increase the amount budgeted in a particular fund by merely shifts the use of the funds between line items.

IC 6-1.1-18-6 reads:

- a) The proper officers of a political subdivision may transfer money from one major budget classification to another within a department or office if:
 - (1) they determine that the transfer is necessary;
 - (2) the transfer does not require expenditure of more money than the total amount set out in the budget as finally determined under this article;
 - (3) the transfer is made at a regular public meeting and by proper ordinance/resolution; and
 - (4) the transfer is certified to the county auditor.
- b) A transfer may be made under this section without notice and without the approval of the Department of Local Government Finance.

(Note: It is not necessary to file documentation with the DLGF on transfers from one major budget classification to another within a department.)

TRANSFER OF FUNDS TO THE RAINY DAY FUND

Pursuant to IC 36-1-8-5.1:

- a) A political subdivision may establish a rainy day fund to receive transfers of unused and unencumbered funds.
- b) The rainy day fund is subject to the same appropriation process as other funds that receive tax money. Before making an appropriation from the rainy day fund, the fiscal body shall make a finding that the proposed use of the rainy day fund is consistent with the intent of the original fund.
- c) In any fiscal year, a political subdivision may transfer not more than ten percent (10%) of the political subdivision's total budget for that fiscal year to the rainy day fund.
- d) The Department of Local Government Finance may not reduce the actual or maximum permissible levy of a political subdivision as a result of a balance in the rainy day fund of the political subdivision.

Transfers to the Rainy Day Fund must be reported to the Department of Local Government Finance (DLGF). Units must submit to the DLGF the resolution/ordinance from the fiscal body approving the transfer. The resolution/ordinance must include the name of each fund and the amount being transferred out of each fund to the Rainy Day Fund.

ADMINISTRATIVE NOTES

1. Questions regarding Additional Appropriations should be directed to the attention of Pam Eustace at (317) 232-3758
2. Additional Appropriations to be approved by the Department of Local Government Finance will not be accepted after **December 15** of any year. Units may submit “Reporting Only” appropriations until December 31 of any year.
3. The Certified Copy of Additional Appropriations utilizes the computer generated Budget Form 4B (16 line statement), Budget Form 4 (approved appropriations) and Budget Form 2 (miscellaneous revenues) which is provided each unit upon review by the hearing officer during the fall budget certification process. Lines 1, 2, 3, 4 and 7 rely on this information.
4. When increasing miscellaneous revenues for Line 4 of the Certified Copy, only show increases in Column B of the form. Column B must be fully completed and totaled. Be sure to include the form when forwarding the additional appropriation to the DLGF.
5. Encumbrances that are certified on Line 8 of the certified copy are approved appropriations carried forward from a prior year supported by a sufficient cash balance for that year and the appropriation could be evidenced by a contract or purchase order. Appropriations carried forward (encumbrances) should be approved by the unit’s fiscal body prior to start of the year to which carried forward.
6. The Certified Copy of Additional Appropriations (sample on last page of memo and page 69 of this manual) must be signed and submitted to the DLGF.
7. Outstanding loans reduce the amount of funds available for appropriation. The amount of these loans may either be added to encumbrances or subtracted from the January 1st cash balance. Please indicate with a foot note on the Certified Copy of Additional Appropriation form the amount of the outstanding loan.

**SAMPLE
NOTICE TO TAXPAYERS OF ADDITIONAL APPROPRIATIONS**

Notice is hereby given the taxpayers of _____, _____ County,
Indiana that the proper legal officers, at their regular meeting place at
_____, at _____ o'clock _____ a.m./p.m., on the
(location)
_____ day of _____, 20____, will consider the following additional
appropriation in excess of the budget for the current year.

(Name of Fund)	Amount
Fund Name:	
Major Budget Classification:	
Personnel	\$ _____
Supplies	\$ _____
Other	\$ _____
Capital Outlays	\$ _____
TOTAL for _____ Fund:	\$ _____
(Repeat for any other funds)	

Taxpayers appearing at the meeting shall have a right to be heard. The additional appropriations as finally made will be referred to the Department of Local Government Finance. The Department of Local Government Finance will make a written determination as to the sufficiency of funds to support the appropriations made within fifteen (15) days of receipt of a Certified Copy of the action taken.

NOTE: DO NOT PUBLISH THE FOLLOWING PARAGRAPH

Appropriations to be reduced should be named in the published notice; set out separately and not co-mingled with the additional appropriations being requested. The resolution/ordinance adopted by the governing body must separately list each appropriation.

SAMPLE
PROOFS OF POSTING OF NOTICE OF ADDITIONAL APPROPRIATIONS

I, _____, _____, of

(Official Title)
_____ Public Library, _____ County, Indiana hereby
certify that on the _____ day of _____, 20____, I did post in three (3) public
places located in the county a copy of the Notice to Taxpayers of Additional
Appropriations. The notice was in the form attached and made part of this certification. I
further certify that the notice was posted in each of the following places:

1) _____

2) _____

3) _____

Date: _____

(Signature)

ADDITIONAL APPROPRIATION RESOLUTION/ORDINANCE

Whereas, it has been determined that it is now necessary to appropriate more money than was appropriated in the annual budget; now, therefore:

Sec.1.Be it ordained (resolved) by the _____
(Governing Body)
of _____, _____ County, that for the expenses of the
(Taxing Unit)
Library, the following additional sums of money are hereby appropriated out of the funds
named and for the purposes specified, subject to laws governing the same:

	Amount Requested	Amount Approved
Fund Name:		
Major Budget Classification:		
Personnel	\$ _____	\$ _____
Supplies	\$ _____	\$ _____
Other	\$ _____	\$ _____
Capital Outlays	\$ _____	\$ _____
TOTAL for _____ Fund:	\$ _____	\$ _____
(Repeat for any other funds)		

Adopted this _____ day of _____, 20_____.

NAY

AYE

ATTEST:

Fiscal Officer

CERTIFIED COPY OF ADDITIONAL APPROPRIATION

County Name: _____

Unit Name: _____

Date of Publication _____

Newspaper _____

Date of Publication _____

Newspaper _____

Date of Public Hearing _____

Date of Resolution/Ordinance _____

For DLGF use only

County # _____

Unit # _____

Received

Order #

Fund Number				
Fund Name				
Appropriation Request				
Amount by Reduction				
Amount by Surplus				
1. Property Tax Levy (Line 16)				
2. Levy Excess (Line 15)				
3. PTRC from CAGIT (Line 13)				
4. Misc. Revenue (Line 8b) (If higher than 8b amount, a revised Budget Form 2 must be attached)				
5. January 1 Cash Balance, including any investments				
6. Total Funds (1 + 2 + 3 + 4 + 5)				
7. DLGF Approved Budget				
8. Encumbered Appropriations				
9. Beginning Appropriations (7 + 8)				
10. Surplus Funds (6 – 9)				
11. Amount additionally appropriated since January 1 st less any reductions in appropriations.				
12. Amount transferred to the Rainy Day Fund.				
13. Surplus Funds Remaining (10–11-12)				

I, _____, fiscal officer of _____ do hereby
(Print name) (Taxing unit name)

certify that the above information is true and correct.

Dated this _____ day of _____, 20_____

(Signature)

(Title)

(Unit Address)

(Telephone Number)

(City / Towns / Zip Code)

(E-mail Address – Optional)

Summary

Chapter 8: Additional Appropriations



In this section, we have discussed the following:

- *Additional appropriations are published one time in two newspapers.*
- *The Department of Local Government Finance acts on additional appropriations supported by a property tax levy.*
- *A unit may appeal the decision of the Department of Local Government Finance by filing an appeal within fifteen (15) days.*

Key Ideas

Chapter 9: Library Capital Projects Fund



In this section, we will discuss the following:

- *The uses of a Library Capital Projects Fund.*
- *The timing requirements for establishing a Library Capital Projects Fund.*
- *How to do an emergency amendment to a Library Capital Projects Fund.*
- *How to appropriate funds a year earlier than planned from the fund.*
- *Common questions regarding the Library Capital Projects Fund.*

LIBRARY CAPITAL PROJECTS FUND

INTRODUCTION

The purpose of this section is to outline the policy and procedures of the Department of Local Government Finance (DLGF) regarding the Library CPF. The LCPF is a fund for which a Library District may levy property taxes to be used to pay for the following:

- 1) A facility used or to be used by the Library District.
 - a) Planned construction, repair, replacement, or remodeling.
 - b) Site acquisition.
 - c) Site development.
 - d) Repair, replacement or site acquisition that is necessitated by an emergency;
- 2) The purchase, lease or repair of equipment to be used by the Library Districts.
- 3) The purchase, lease, upgrading, maintenance or repair of computer hardware or software.

Before a Library Board may collect property taxes for a CPF in a particular year, the Library Board must, **after January 1st and before May 15** of the immediately proceeding year (IC 36-12-12-3):

- 1) Hold a public hearing on a proposed plan.
- 2) Pass a resolution to adopt a plan.
- 3) Submit the plan for approval by the fiscal body.

TIMELINE FOR ESTABLISHING A LCPF

Steps 1 through 4 must be completed after Jan.1 and before May 15th. (IC 36-12-12-3)

- 1) The Library Board prepares a proposed **LCPF Plan** and **LCPF Plan Summary** in the year *before* the taxes are to be collected. This plan must specify anticipated expenditures along with revenue estimates, tax rates to be charged and estimated assessed valuation. The library board may, for each year in which a plan is adopted, impose a property tax rate that does not exceed **\$.0167** per \$100 of assessed valuation, however, the maximum amount that may be exempt from the levy limitation under IC 6-1.1-18.5-3, may not exceed **\$.0133** per \$100 of assessed valuation. The plan must apply to at least the three (3) years immediately following the year the plan is adopted. The format of the LCPF Plan is included in this memo.

- 2) The Library Board must give at least a ten (10) day notice of Public Hearing on the proposed LCPF Plan. A sample of the hearing notice form to be used for the advertising is included in this section. The publication requirement is for one (1) insertion in two (2) newspapers. If two (2) newspapers do not exist in the Library District, the Library Board should refer to IC 5-3-1-4 or the State Board of Accounts "Guide to Publication of Legal Notices" for the proper publication procedure. The notice of the public hearing shall be published one (1) time at least ten (10) days before the date of the hearing. The Notice to Taxpayers must specify planned expenditures and allocations for future projects for a minimum of three (3) years, estimates of revenue, proposed tax rates and estimated assessed valuation for the same years.
- 3) After considering the comments and contentions presented at the Public Hearing, the Library Board may pass a resolution to adopt the proposed plan. The Secretary of the Library Board shall submit a copy of the LCPF Plan to the appropriate fiscal officer along with a certificate that the attached is a complete transcript of the proceedings of the LCPF Plan Adoption. The following documents should be maintained in the Library Offices for public inspection:
 - a) A certified copy of the LCPF Plan adopted by the Library Board.
 - b) Proper proofs of publication.
 - c) A copy of the Library Board's resolution adopting the LCPF Plan.
- 4) **Within ten (10) days after the Library Board passes a resolution adopting the Plan,** the Library Board shall send a certified copy of the LCPF Plan to the appropriate fiscal body. The fiscal body shall advertise its public hearing to consider the plan one (1) time at least 10 days prior to the hearing in accordance with IC 5-3-1-2. The advertisement should include the date, time, and location of the meeting and does not need to include the complete plan summary. Sample fiscal body notices are included in this section. The appropriate fiscal body, as specified in IC 36-12-12-4, is:
 - a) The Town Council if the Library District is located entirely within the corporation boundaries of a town.
 - b) The City Common Council if the Library District is located entirely within the Corporation boundaries of a city.
 - c) The Township Advisory Board if the Library District is not located entirely within the corporation boundaries of a city or town but is located entirely within the corporation boundaries of a Township.
 - d) The Common Council of each county in which the Library District is located if the Library District is not located entirely within the corporation boundaries of a city, town or single township.

- e) The City-County Council if the Library District is not located entirely within the corporation boundaries of a city, town or township and is located in a county with a consolidated city.
- 5) The appropriate fiscal body shall advertise and hold a public hearing on the LCPF Plan within thirty (30) days after receiving a certified copy of the LCPF Plan from the Library Board. The fiscal body will either reject or approve the plan **before August 1** of the year the plan is received (IC 36-12-12-4). (See sample FISCAL BODY RESOLUTION form included in this section). If the LCPF Plan is approved by the fiscal body, the Library Board shall submit to the DLGF **on or before September 20 of the immediate preceding year the plan is to be effective** the following:
 - a) A certified copy of the LCPF Plan including a plan summary sheet and a description of the allocation of future projects if applicable.
 - b) The Library Board's resolution approving the plan.
 - c) Certificate of Submission to the Fiscal Body.
 - d) The Library Fiscal Body's resolution approving/rejecting the plan.
 - e) Proofs of publication of the Library Board's notice of public hearing.
 - f) Proofs of publication of the Fiscal Body's notice of public hearing.

If the DLGF determines that:

- 1. The Library Board has properly advertised the plan;
- 2. The plan was timely adopted by the Library Board and timely approved by the appropriate fiscal body;
- 3. The plan conforms to the format prescribed by the DLGF and;
- 4. The plan was timely filed with the DLGF;

DLGF will require the Library to publish a Notice of Adoption to local taxpayers of the LCPF plan. If the plan fails to conform to the above requirements, the plan will be returned. Further submissions must conform to the above stated time requirements.

- 6) After receiving the plan and other required documentation, the DLGF will notify the Library Board to advertise one (1) time in the form of the Notice of Adoption. The Department of Local Government Finance will prepare the Notice of Adoption. (A sample Notice of Adoption is included with this section.) This advertising should be made in accordance with IC 5-3-1-2. Ten (10) or more taxpayers who will be affected by the adopted plan may file a petition with the County Auditor of a county in which the library district is located not later than ten (10) days after publication of the Notice of Adoption, setting forth their

objections to the proposed plan. The County Auditor shall immediately certify the petition to the Department of Local Government Finance. (IC 36-12-12-5)

- 7) The DLGF will, within a reasonable time, fix a date for a local hearing on the petition filed. The hearing will be held in a county in which the Library District is located and the DLGF will notify:
 - a) The Library Board, and
 - b) The first ten (10) taxpayers whose names appear upon the petition, and
 - c) This notice will be given at least five (5) days before the date of the hearing. (IC 36-12-12-6)
- 8) After a hearing on the petition, the DLGF will certify its approval, or disapproval or modification of the LCPF Plan to the Library Board and the County Auditor. The action of the DLGF with respect to the plan is final. (IC 36-12-12-7)
- 9) If no petition objecting to the LCPF Plan is filed with the County Auditor, **within ten (10) days following the objection period, the unit must submit proofs of publication of the Notice of Adoption and County Auditors Certificate of No Remonstrance to the DLGF.** Upon receipt, the DLGF will issue its order approving or denying the LCPF Plan. Please note that it is the Library's responsibility to obtain the Auditor's Certificate of no remonstrance from the County Auditor.

BUDGET APPROVAL

In addition to annually adopting a Library Capital Projects Fund Plan, the plan must be incorporated into the ensuing years Library Budget, in accordance with IC 6-1.1-17, to receive funding. All budget forms are to be used in preparing the annual budget for the LCPF. Budget form 4-B is commonly referred to as the sixteen (16)-line statement. Line one (1) of the form 4-B is the annual budget appropriation for the ensuing year. Items one (1) through six (6) of the LCPF Plan Summary Page are to be included on line one (1) of form 4-B. The Allocation For Future Projects - Item seven (7) of the LCPF Plan Summary Page - is included on line eleven (11) of the form 4-B. Line eleven (11) is referred to as the operating balance.

The Library Board will advertise and adopt the appropriations and levy for the LCPF annually using the regular budget calendar. Even though the rate is not advertised with the annual budget, it must be adopted in the plan and on Budget Form 4B.

The Library Board will supply a copy of the LCPF Plan and DLGF approval Order to the DLGF Hearing Officer for review of the annual budget. The budget order issued by the DLGF will approve LCPF appropriations, tax rate and levy where they are consistent with an approved Plan.

EMERGENCY AMENDMENT OF LCPF PLAN

The Library Board may amend its LCPF Plan for an Emergency (IC 36-12-12-9). As per IC 36-12-12-1, "emergency" means:

- 1) when used with respect to repair or replacement, a fire, flood, windstorm, mechanical failure of any part of a structure, or other unforeseeable circumstance; and
- 2) when used with respect to site acquisition, the unforeseeable availability of real property for purchase.

The plan may be amended due to an emergency to:

- a) Provide money for the purposes of repair, replacement or site acquisition that is necessitated by an emergency,
- b) To supplement money accumulated in the Emergency Allocation of the LCPF Plan (IC 36-12-12-2 (b) (4)).

The following steps must be completed to amend a capital projects plan:

- 1) When an emergency arises and the need for funds exceeds the amount accumulated in the Emergency Allocation, the Library Board must immediately apply to the DLGF for a determination that an emergency exists. The DLGF should be notified by telephone and in writing (preferably by fax) of the library's request for amendment of its plan. The request for a determination should include the name of the location of the problem in the library system, a description of the emergency, the proposed amendment, and the changes and/or additions to the expenditures and revenue by plan year necessary to amend the LCPF Plan. The Library Director may contact the Assistant Director of the Budget Division of the DLGF at (317) 232-0651 regarding the amendment. Amendment requests may be faxed to the DLGF Budget Division at (317) 232-8779.
- 2) After the DLGF issues its determination that an emergency exists, the Library Board will amend its plan at a regular public meeting and forward its resolution to the DLGF. The amendment is not subject to the deadlines and procedures for adoption of the original plan. The form of the resolution would be to reduce a designated project(s) and increase the Emergency Allocation. If the amendment requires use of any part of the Allocation for Future Projects, the library will also need to process an additional appropriation.
- 3) The resolution is subject to modification by the DLGF. An amendment adopted may require the payment of eligible emergency costs from:
 - a) Money accumulated in the LCPF for other purposes, or
 - b) Money to be borrowed from other funds of the Library Board or from a financial institution.
- 4) The amendment may also provide for an increase in the property tax rate for the

ensuing budget year for the LCPF to restore money to the fund or to pay principal and interest on a loan. Before the property tax rate may be increased, the Library Board must submit a plan containing the increase to the fiscal body and obtain the approval of that fiscal body as provided in IC 36-12-12-4. **The increase in the property tax rate for the LCPF is effective for property taxes payable for the year next certified by the DLGF.**

COMPUTER REPAIR PERSONNEL

A Library may adopt a LCPF Plan to pay for the services of a full or part-time computer repair personnel. These items should be incorporated into item six (6) on the LCPF SUMMARY (Purchase, lease maintenance, and repair of computer hardware).

ALLOCATION FOR FUTURE PROJECTS

The Allocation for Future Projects allows the library to levy property taxes in a current year for expenditure in a future year, if the specific use is identified in the LCPF Plan. A taxpayer or the DLGF hearing officer should be able to clearly determine the proposed use and cost of the future project. **If the reason for the Allocation for Future Projects is not disclosed, the property tax levy needed to fund the Future Project will not be approved.** When preparing the ensuing year's LCPF budget, the Allocation for Future Projects should be included in line 11 of Budget Form 4-B. It should not be appropriated, since its expenditure is planned for a future year, as documented in the plan.

APPROPRIATION IN A YEAR EARLIER THAN PLANNED

An opportunity also exists to convert the projects planned for second, third or future years of the plan into a current appropriation during the current budget year of the plan.

The following conditions apply:

- 1) The Plan must be specific as to the need to be addressed and the manner in which it will be addressed.
- 2) The library must proceed with an additional appropriation. The Notice to Taxpayers of the additional appropriation must state the fund name, a description of the project and the project cost.
- 3) This course of action results in the appropriation of all or part of the Plan's current year Allocation for Future Projects.

LIBRARY CPF PLAN FORMAT

The LCPF Plan **must be prepared annually** using the following format:

- 1) General description of the Library District
 - a) Library Taxing District.
 - b) Name and location.
 - c) Composition of the governing body.
 - d) Number of employees.
 - e) Current annual budget in Operating, Library Improvement Reserve (LIRF) and Bond and Interest Redemption (BIRF) funds and Capital Projects Fund.
 - f) Current annual property tax rates and levies for all funds
- 2) Listing of present facilities operated and maintained by the Library District
 - a) With respect to each facility:
 - 1) Name and location.
 - 2) Year constructed, leased or rented.
 - 3) Estimated current value.
 - 4) Detailed evaluation of condition.
 - b) Identification and description of all land owned for future needs.
- 3) Library Service Area
 - a) Area in square miles.
 - b) Population served.
 - c) Annual statistics of service (i.e. circulation of materials, collection size, hours of service, etc.)
- 4) Anticipated Capital Projects Fund Resources that will be available for the term of the plan. For each year of the plan (show also on LCPF PLAN SUMMARY PAGE): Include the following:
 - a) Sources and amounts of anticipated income.
 - b) Amount of revenue to be retained for expenditures proposed for a later year.
 - c) Projected assessed valuation of the Library District for each year of the plan.
 - d) Projected tax rates and levies for the LCPF based on the above assessed valuations.
- 5) Proposed use of the LCPF
 - A) Includes, by plan year and location, the proposed expenditures from the fund for all specific uses within the following areas:
 - 1) Planned facility needs:
 - a) New construction.
 - b) Repair.
 - c) Replacement.
 - d) Remodeling.

- e) Lease or rental of existing real estate.
- 2) Acquisition of real property
- 3) Site development
- 4) Emergency allocation (repair, replacement or site acquisition that is necessitated by an emergency)
- 5) Purchase, lease, repair and maintenance of Equipment
 - a) Administration.
 - b) Public use.
 - c) Mechanical.
 - d) Furniture.
- 6) Computer hardware and software
 - a) Purchase or lease.
 - b) Maintenance and repair.

B) Includes, by plan year, location and project or specific purpose, allocation for proposed expenditures beyond the upcoming budget year (Allocation for Future Projects).

Failure to comply with the above format may be cause for denial of plan.

GLOSSARY OF TERMS

The following definitions apply to LCPF.

- 1) **REPAIR** means the restoration of a piece of equipment, a building or land from worn, damaged or deteriorated condition to or near its original condition,
- 2) **EQUIPMENT** means a mobile or fixed unit of furniture or furnishings, an instrument or set of articles meeting the following conditions:
 - a) It retains the original shape.
 - b) It is non-expendable, which means that if the article is damaged or some of its parts are lost or worn out, it is usually more feasible and economical to repair it than replace it with an entirely new unit.
 - c) It represents an investment of money that makes it feasible and advisable to capitalize the item.
 - d) It does not lose its identity through incorporation into a different or more complex unit.
- 3) **EMERGENCY** is defined with respect to the LCPF as follows:
 - a) Repair or replacement of buildings or equipment caused by a fire, flood, windstorm, mechanical failure, or other unforeseen circumstances, and
 - b) The unforeseeable availability of real property for purchase when referring to site acquisition.

COMPLETING THE LIBRARY CAPITAL PROJECTS SUMMARY PAGE:

The purpose of the LCPF Summary Page is to summarize the expenditures, allocations, transfers, and revenues for your LCPF Plan. The general format is the same as the public notices for the LCPF Plan.

CURRENT EXPENDITURES is a summary of the planned expenditures noted in each major classification in your LCPF Plan for each year of the plan for all locations.

SUBTOTAL CURRENT EXPENDITURES is the amount of expenditures that you plan to make in a given year which require appropriation.

ALLOCATION FOR FUTURE PROJECTS (AFP) is the amount of funds that will accumulate or continue accumulating for projects to be expended in the second, third, or future year of the LCPF Plan. Any AFP(s) should be clearly noted on the appropriate location page(s) in your LCPF Plan. If you plan to expend the AFP in the second or third years, this will increase the current expenditures and decrease the AFP. If you do not intend to spend the AFP in the second or third years, the AFP for those years should show the total that you expect will be accumulated at the end of the year. The AFP budgeted in the third year should include the amount accumulated in years one and two, plus what will be accumulated during year three. The summary page of the AFP should be

cumulative summation of the AFP from each location.

CASH BALANCE AVAILABLE TO FUND THE LCPF PLAN For libraries beginning the first year of their first plan, the beginning cash balance will be zero (0). For libraries that have a LCPF Plan in effect, the January 1st cash balance of the first year will equal the estimated year-end cash balance **plus** the amount of unexpended appropriations. The plan should explain any unexpended appropriation from the prior year and note the total dollar amount of unexpended appropriations. For the second and third years of the Plan, assume that funded appropriations carried forward from the previous year have been exhausted. Under normal circumstances, the projected January 1st cash balance for the second and third years of the LCPF Plan will be the prior years' allocation of future projects (AFP).

ESTIMATED EXCISE, CVET AND FIT is estimates of revenue prepared in the same manner as your annual budget for other funds.

OTHER REVENUE refers to income to the fund other than property taxes such as interest income.

PROJECTED TAX RATE will be the estimated tax rate necessary to fund the plan.

QUESTIONS ABOUT LIBRARY CAPITAL PROJECTS FUND

PURCHASES FROM THE LCPF

1. WHAT KIND OF VEHICLES MAY BE PURCHASED FROM LCPF?
Any vehicles for library use including bookmobiles, vans and automobiles may be purchased from LCPF.
2. MAY LIBRARY MATERIALS AND/OR BOOKS BE PURCHASED FROM LCPF?
NO- the LCPF cannot be used to purchase library materials and/or books, with the exception of computer software.
3. MAY THE LCPF PLAN INCLUDE FEASIBILITY STUDIES AND ARCHITECT FEES?
YES- the planned expenditures should be included in item one (1) Planned construction, etc. of the LCPF PLAN SUMMARY. If the architect fees are to be reimbursed, such as in the formation of a holding corporation, the anticipated reimbursement would be included in the LCPF PLAN SUMMARY as other revenue.
4. MAY WE PAY FOR ARCHITECT FEES TO DESIGN A BUILDING THAT A HOLDING CORPORATION WILL PURCHASE AT A LATER DATE?
YES- the LCPF Plan should anticipate the expenditures under Planned Facility Needs (item one (1)) on the Plan Summary. If the library anticipates reimbursement from the holding corporation, the reimbursement should be estimated under "other revenue."
5. WHAT ARE SOME EXAMPLES OF "REPLACEMENTS" (ITEM ONE (1) UNDER CURRENT EXPENDITURES OF THE PLAN)?
Replacements may include carpet, shelving, and computer equipment. For specific questions about what is a replacement item, contact the Department of Local Government Finance or the State Board of Accounts.
6. SHOULD WE INCLUDE A NARRATIVE SECTION IN THE PLAN FORMAT FOR SITE DEVELOPMENT?
Yes.
7. WOULD LANDSCAPING BE CONSIDERED SITE DEVELOPMENT?
It depends on what type of landscaping. Please refer specific questions to the Department of Local Government Finance or State Board of Accounts.

APPROPRIATIONS

8. IF WE SPEND LESS THAN PLANNED IN ONE PORTION OF THE LCPF PLAN, MAY WE TRANSFER THE SURPLUS APPROPRIATIONS TO

ANOTHER AREA WHERE WE WOULD LIKE TO SPEND MORE THAN PLANNED?

No- A LCPF Plan cannot be changed once it has been approved by the DLGF except in the case of an amendment approved for an emergency or an appropriation of an allocation for a future project in a year earlier than planned.

9. IF WE DO NOT SPEND ALL OF THE CAPITAL PROJECT FUND APPROPRIATIONS FOR A GIVEN YEAR OR WE HAVE ENCUMBRANCES, WOULD THOSE AMOUNTS BE INCLUDED IN THE ENSUING YEAR'S JANUARY 1 CASH BALANCE?

The January 1 cash balance on the Capital Projects plan summary is the estimated or anticipated cash balance for the ensuing year. If you anticipate unexpended appropriations or encumbrances for the current year's plan, then those amounts would be included in the estimated January 1 cash balance for the ensuing year. The January 1 cash balance may also include allocation for future projects from the previous year(s).

10. IF THE CAPITAL PROJECTS PLAN IS DENIED AND THERE IS A CASH BALANCE, CAN I DO AN ADDITIONAL APPROPRIATION TO SPEND THAT MONEY?

No, if the plan is denied you may not appropriate funds in the Capital Projects Fund.

THE LIBRARY'S FISCAL BODY

11. MUST THE FISCAL BODY WHO APPROVES THE PLAN ADVERTISE FOR THE REQUIRED PUBLIC HEARING?

YES – the fiscal officer must give notice of the public hearing to consider the plan. The notice must be published one (1) time at least ten (10) days before the date of the hearing in accordance with IC 5-3-1-4. The Library may offer to publish this notice for the fiscal body to ensure that the advertisement complies with the necessary requirements.

12. HOW DO WE CERTIFY COPIES OF THE LCPF PLAN TO THE LOCAL FISCAL BODY AND THE DLGF?

A Certificate of Submission, signed by the Library Board Secretary attesting to the actions of the Library Board in adopting the LCPF Plan is used for certification. A suggested certification form is included with the LCPF memo.

13. CAN THE LIBRARY PAY FOR THE ADVERTISEMENT OF THE FISCAL BODY'S PUBLIC HEARING?

Yes, the Library may submit the *Notice to Taxpayers* to the newspaper of the fiscal body's public hearing and pay for the advertisement.

14. IS THERE A PRESCRIBED FORMAT FOR THE NOTICE TO TAXPAYERS OF THE PUBLIC HEARING BY THE FISCAL BODY?

A suggested format is included with the LCPF memo.

15. SOME FISCAL BODIES (OF THE LIBRARIES) ADVERTISE THE ENTIRE CAPITAL PROJECTS PLAN WITH THE NOTICE TO TAXPAYERS. IS THAT PERMISSIBLE?

Yes, but not required. The fiscal body only needs to advertise the date, time and location of the hearing. The ad should also note that the fiscal body plans to discuss the library capital projects plan. A suggested format of the notice to taxpayers by the fiscal body is included with the LCPF memo.

16. IS IT POSSIBLE FOR A FISCAL BODY TO APPROVE APPROPRIATIONS FOR A CAPITAL PROJECTS PLAN BUT NOT APPROVE A TAX RATE AND LEVY?

Yes.

17. CAN A FISCAL BODY APPROVE A LOWER TAX RATE AND/OR LEVY THAN ADOPTED BY THE LIBRARY BOARD?

Yes, however it is the responsibility of the Library Board/Director to modify the plan to accommodate the lower rate and/or levy.

PLAN AMENDMENTS (EMERGENCIES)

18. MAY WE AMEND THE LCPF PLAN FOR NON-EMERGENCY REASONS?

NO- Libraries may only amend the LCPF Plan for emergency reasons as outlined in IC 36-12-9.

19. IF AN EMERGENCY SITUATION OCCURS AND WE NEED TO USE LCPF MONEYS HOW DO WE CONTACT THE DLGF?

The DLGF may be reached by telephone (317-232-0651) and by Faxing (317-232-8779) a written explanation of the emergency and the proposal for an amendment to the LCPF Plan.

20. WHAT IF AN EMERGENCY SITUATION OCCURS AND THE LIBRARY DOES NOT HAVE APPROPRIATIONS IN THE EMERGENCY ALLOCATION LINE ITEM OR THE LIBRARY DOES NOT HAVE ENOUGH APPROPRIATIONS IN THAT ALLOCATION TO COVER THE EMERGENCY?

The Library needs to do an amendment to their Capital Projects plan.

21. HOW QUICKLY CAN AN EMERGENCY AMENDMENT BE APPROVED BY THE DEPARTMENT OF LOCAL GOVERNMENT FINANCE?

The Department of Local Government Finance will not delay approval on emergency amendments to the Capital Projects Plan. Please contact the Department of Local Government Finance for assistance in preparing an amendment to your plan.

ESTABLISHING THE FUND AND THE BUDGET PROCESS

22. IF I RECEIVE AN ORDER APPROVING THE LIBRARY CAPITAL PROJECTS PLAN, MUST I ALSO GO THROUGH THE NORMAL BUDGET PROCESS?

YES – The submission of the plan to the DLGF is for approval of the *Library Capital Projects Plan* under IC 36-12-12. The budget process is subject to IC 6-1.1-17. The *Library Capital Projects Fund* must be advertised and adopted as would any other fund for the ensuing budget year. Failure to do so **will** result in the appropriations, levy and rate being denied.

23. IS THE LCPF THE SAME AS THE LIBRARY IMPROVEMENT RESERVE FUND (LIRF)?

NO- funds for accumulation in the LIRF come from the Operating Fund Budget as a Transfer to LIRF and fall within the maximum levy limit set for the Operating Fund. The library may levy a separate tax rate of not more than one and sixty-seven hundredths cents (\$.0167) annually for accumulation of funds in the LCPF.

24. DOES THE LCPF REPLACE THE LIRF?

NO- both funds are permitted under Indiana Library Law (LCPF: IC 36-12-12 and LIRF: IC 36-12-3-11).

25. MUST I GO THROUGH THE PLAN AND BUDGET PROCEDURE TO EXPEND FUNDS EVEN IF OUR LIBRARY DOES NOT WANT A TAX RATE?

YES – IC 36-12-12-8 states that the Department of Local Government Finance may approve appropriations from the Capital Projects Fund only if the appropriations conform to a plan that has been advertised and adopted.

26. I ADVERTISED A \$.0133 RATE FOR MY CAPITAL PROJECTS FUND IN MY ANNUAL BUDGET. WHEN I RECEIVED MY BUDGET ORDER, THE RATE WAS REDUCED TO \$.005. WHY DIDN'T I GET THE FULL RATE?

The Library Capital Projects Fund is based upon the need shown in the plan. Need refers to the total Current Expenditures and Allocation for Future Projects. During the budget process, the rate approved will be lowered if Current Expenditures and Allocation for Future Projects can be funded at a lower rate.

REVENUES , CASH AND OPERATING BALANCE

27. WHERE DOES THE JANUARY 1 CASH BALANCE COME FROM ON THE PLAN SUMMARY?

A cash balance in the Library Capital Projects Plan can only come from:

- (1) Allocation for future projects from the previous year(s)
- (2) Unexpended appropriations from previous year(s).

A narrative within the plan must indicate the sources of the anticipated January 1 cash balance for the ensuing year. Later year cash balances are reflective of the previous year future allocation amount.

28. ISN'T MY OPERATING BALANCE THE SAME AS MY FUTURE ALLOCATIONS?

Yes, the operating balance is the amount of future allocations detailed in your plan. Keep in mind that the Department of Local Government Finance will not approve a future allocation (line 11) that is higher than adopted in the plan.

ACCOUNTING FOR CAPITAL PROJECTS FUNDS

29. WHAT IF I HAVE MONEY LEFT OVER IN MY CAPITAL PROJECTS FUND AND IT IS NOT APPROPRIATED FOR ANYTHING?

The money will remain in the fund and will be accounted for in the operating balance.

30. IF WE USE THE LCPF TO HELP PAY FOR A PROJECT THAT INCLUDES BONDS AS PART OF THE FINANCING, DO WE DISBURSE THE BOND PROCEEDS THROUGH THE LCPF?

NO- bond proceeds for a project are disbursed through a Construction Fund.

31. WHAT IF MY ENSUING YEAR'S CAPITAL PROJECTS PLAN IS DENIED, AND I HAVE FUNDS LEFT OVER?

You will have a Capital Projects Fund with a cash balance. This cash balance cannot be transferred to the Library Operating Fund unless the LCPF is declared dormant.

32. DOES THE INTEREST GENERATED FROM THE CASH IN THE CAPITAL PROJECTS FUND NEED TO BE RECEIPTED TO THE CAPITAL PROJECTS FUND?

Yes, refer specific questions about this to the Board of Accounts.

33. DO WE NEED TO SET UP A SEPARATE FUND TO ACCOUNT FOR THE CAPITAL PROJECTS PLAN?

Yes.

34. ARE THERE ANY SPECIAL ACCOUNTING GUIDELINES ASSOCIATED WITH THE CAPITAL PROJECTS FUND?

Generally, this fund is handled like any other fund. Please refer specific questions on this to the Board of Accounts.

35. DO WE INCLUDE OUR LOCAL MATCHING FUNDS FOR A LCPF PROJECT IN THE ESTIMATES OF "OTHER REVENUE" IN THE LCPF PLAN SUMMARY FOR EACH FISCAL YEAR?

NO- local matching funds should be appropriated in the Library Operating Fund, LIRF or other special fund and should not be included in the LCPF Plan Summary or the LCPF Budget. A description and explanation of use of the local matching funds should be included as a part of the narrative describing the LCPF Plan.

OTHER

36. CAN THE PUBLIC HEARING BE HELD ON THE SAME DAY AS A REGULAR LIBRARY BOARD MEETING? CAN THE PUBLIC HEARING BE HELD ONE HOUR BEFORE THE BOARD MEETING?

Yes, if advertised correctly beforehand, the public hearing for the Capital Projects Fund may be held on the same day as the Library Board meeting and can be held an hour before the Board meeting or at any time specified by the advertisement of the meeting. It is important to note that the public hearing must be held on the date and time advertised in the *Notice to Taxpayers* of the hearing.

37. IF I AM ACCUMULATING MONEY IN MY FUTURE ALLOCATIONS FOR A NEW ROOF (1/3 OF THE COST EACH YEAR) AND THE FISCAL BODY DENIES MY FUTURE ALLOCATION FOR THE FINAL (3RD) YEAR, CAN I STILL PURCHASE THE ROOF IF I HAVE SUFFICIENT MONEY IN MY FUND?

No, but it may be possible to purchase the roof through an emergency amendment. Contact the Department of Local Government Finance.

38. WILL THE AD FROM THE PAPER BE SUFFICIENT TO SUBMIT TO THE DEPARTMENT OF LOCAL GOVERNMENT FINANCE?

No, a proof of publication from the newspaper is the legal documentation that is required for advertisements associated with the Capital Projects Plan.

RESOLUTION TO ADOPT LIBRARY CAPITAL PROJECTS FUND PLAN

This resolution is adopted by the Library Board of _____
(Library Name)
Public Library, of _____, County, Indiana.

Whereas, a Library Capital Projects Fund has been established; and

Whereas, the Library Board is required under IC 36-12-12-3 to adopt a plan with respect to the Library Capital Projects Fund; and

Whereas, the Library Board held a public hearing on the plan on the ____ day of _____, 20____ at the _____
(Location)

THEREFORE BE IT RESOLVED, by the Library Board that the plan entitled _____ of _____
(Title) (Years)
is hereby incorporated by reference into this resolution, and is adopted as the Library Board's plan with respect to the Library Capital Projects Fund.

BE IT FURTHER RESOLVED that the Library Board will submit a certified copy of this resolution (including the adopted plan) to the appropriate local fiscal body for review and the Department of Local Government Finance under IC 36-12-12-5.

ADOPTED THIS _____ DAY OF _____, 20____.

AYE

NAY

ATTEST:

Secretary of Library Board

Certificate of Submission to Appropriate Fiscal Body

I, THE UNDERSIGNED OF _____ PUBLIC LIBRARY,
_____ COUNTY, INDIANA, DO HEREBY CERTIFY TO THE

(Name of Fiscal Body) OF _____,
(Unit)
_____, INDIANA,
(County)

**THAT THE ATTACHED IS A COMPLETE TRANSCRIPT OF
THE PROCEEDINGS HELD**

WITH RESPECT TO THE LIBRARY CAPITAL PROJECTS FUND PLAN ADOPTED
BY THE ABOVE NAMED LIBRARY AT A MEETING HELD ON _____.

(Date)

NOTICE

PURSUANT TO IC 36-12-12-4 THE APPROPRIATE FISCAL BODY SHALL HOLD
A PUBLIC HEARING ON THIS ISSUE WITHIN THIRTY (30) DAYS OF RECEIPT
AND IF THE PLAN IS APPROVED, PASS SUCH RESOLUTION BEFORE AUGUST
1 OF THE CURRENT YEAR.

Submitted this _____ day of _____, 2____ to the above named fiscal
body.

(Signature of Secretary of Library Board)

Instructional Note: The “Submitted” date is the date the LCPF plan was forwarded to the appropriate
fiscal body.

**RESOLUTION OF APPROPRIATE FISCAL BODY OF ACTION ON
LIBRARY CAPITAL PROJECTS PLAN**

WHEREAS, the _____, _____ County, has adopted
(Name of Library)

a Library Capital Project Plan as provided for in IC 36-12-12, be it resolved that the

_____, being the appropriate Fiscal Body for the library as
(Name of Fiscal Body)

Designated in IC 36-12-12-4, does hereby _____ the Plan as
(Approve/Reject)

received by this body on the _____ day of _____, 20____.

ADOPTED THIS _____ DAY OF _____, 20____.

AYE

NAY

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

ATTEST:

Secretary of Fiscal Body

Instructional Note: Must be adopted before August 1 of the current year.

Library Budget Manual: A Guide Through the Process of Local Government Budgeting

NOTICE TO TAXPAYERS OF _____ PUBLIC LIBRARY

Notice is hereby given to the taxpayers of _____, _____ County, that the Library
(Library Name) (County Name)

Board will meet at _____, on _____ at _____ AM/PM for the purpose of
(Location) (Date) (Time)

considering a proposal to establish a Library Capital Projects Fund and a proposed plan under IC 36-12-12.

The following is a general outline of the proposed plan.

CURRENT EXPENDITURES:

20____ 20____ 20____

- (1) Planned construction, repair, replacement, or remodeling
- (2) Acquisition of real property
- (3) Site development
- (4) Emergency Allocation
- (5) Purchase, lease, repair, and maintenance of equipment
- (6) Purchase, lease, repair, and maintenance of computer hardware and computer software

SUBTOTAL CURRENT EXPENDITURES

- (7) Allocation for future projects (cumulative totals)

TOTAL EXPENDITURES AND ALLOCATIONS

SOURCES AND ESTIMATES OF REVENUE:

- (1) January 1, Cash balance (for each year of plan)
- (2) Less encumbered appropriations
- (3) Cash balance available for current plan [(1) minus (2)]
- (4) Plus Property Tax Revenue
- (5) Plus Auto Excise, CVET and Financial Institutions Tax receipts
- (6) Plus Other revenue

TOTAL FUNDS AVAILABLE FOR PLAN

Based upon an anticipated assessed valuation of _____
The Projected Tax Rate for the Library Capital Projects fund will be _____

Taxpayers are invited to attend the meeting for a more detailed explanation of the plan and to exercise their right to be heard on the proposal.

(Show names and titles _____
of board members) _____

Date: _____, 20____.

Township: Sample Notice to Taxpayers by Fiscal Body (Library CPF)

NOTICE TO TAXPAYERS

The Township Board of _____ Township, _____ County, Indiana
will hold a public hearing on the ____ day of _____, 20____, at
_____ a.m./p.m. at the office of the _____ Township Trustee, at
_____, Indiana, for the purpose of approving the Library Capital
(location)
Projects Fund Plan for years 20____ - 20____, for the _____.
(Name of Library)

Township Trustee

County: Sample Notice to Taxpayers by Fiscal Body (Library CPF)

NOTICE TO TAXPAYERS

The _____ County Council, _____ County, Indiana will hold a
public hearing on the _____ day of _____, 20____, at _____ a.m./p.m. at
the _____, _____, Indiana,
(location of meeting) (address)
for the purpose of approving the Library Capital Projects Fund Plan for the year 20____,
for the _____.
(Name of Library)

County Auditor

City or Town: Sample Notice to Taxpayers by Fiscal Body (Library CPF)

NOTICE TO TAXPAYERS

The _____ City (or Town) Council, _____ County, Indiana will
hold a public hearing on the _____ day of _____, 20____, at _____ a.m./p.m. at the
_____, _____, Indiana,
(location of meeting) (address)
for the purpose of approving the Library Capital Projects Fund Plan for the
_____ for the years 2____ - 2____.
(Name of Library)

Clerk-Treasurer

NOTICE OF AMENDMENT

Notice is hereby given to the taxpayers of _____ Public Library of _____, County, Indiana, that the Library Board has determined that the Library Capital Projects Plan it adopted for the years 2_____ to 2_____ should be amended, did adopt a resolution to amend the said plan at a meeting held on _____, 2_____. A brief description of the amendment is as follows:

The following is a general outline of the plan with the proposed amendment:

CURRENT EXPENDITURES		2____	2____	2____
(1)	Planned construction, repair, replacement, or remodeling	_____	_____	_____
(2)	Acquisition of real property	_____	_____	_____
(3)	Site development	_____	_____	_____
(4)	Emergency Allocation	_____	_____	_____
(5)	Purchase, lease, repair, and maintenance of equipment	_____	_____	_____
(7)	Purchase, lease, repair, and maintenance of computer hardware and computer software	_____	_____	_____
SUBTOTAL CURRENT EXPENDITURES		_____	_____	_____
(7)	Allocation for future projects	_____	_____	_____
TOTAL EXPENDITURES AND ALLOCATIONS		_____	_____	_____

Ten (10) or more taxpayers in the library district who will be affected by the plan, as amended, may file a petition with the County Auditor of _____ County, not later than ten (10) days after the publication of this notice, setting forth their objections to the amendment. Upon filing of the petition, the County Auditor shall immediately certify the same to the Department of Local Government Finance, which Department will fix a date and conduct a public hearing on the plan before issuing its approval or disapproval thereof.

(Show names and titles
of Board Members)

Attest:

Secretary of Library Board
Date:

Library Budget Manual: A Guide Through the Process of Local Government Budgeting

PROOFS OF PUBLICATION AND COUNTY AUDITORS CERTIFICATE OF NO REMONSTRANCE MUST BE FORWARDED TO THE DLGF NOT LATER THAN TEN (10) DAYS FOLLOWING THE OBJECTION PERIOD.

*** THIS IS A SAMPLE ONLY. THE DEPARTMENT OF LOCAL GOVERNMENT FINANCE WILL PREPARE THE SECOND NOTICE AND MAIL TO THE LIBRARY FOR ADVERTISING.**

NOTICE OF ADOPTION

There has been filed with the Department of Local Government Finance a certified copy of the resolution adopted by the proper legal officers of (library name) establishing a capital projects fund together with proofs of publication of notice thereof, pursuant to I.C. 36-12-12.

The proper legal officers of (library name) are hereby requested by the Department of Local Government Finance to publish the following notice in accordance with I.C. 36-12-12-5 (a).

PUBLISH THE FOLLOWING ONLY (Library Name)

CURRENT EXPENDITURES:

	2__	2__	2__
(1) Planned construction, repair, replacement, or remodeling	_____	_____	_____
(2) Acquisition of real property	_____	_____	_____
(3) Site development	_____	_____	_____
(4) Emergency Allocation	_____	_____	_____
(5) Purchase, lease, repair, and maintenance of equipment	_____	_____	_____
(6) Purchase, lease, repair, and maintenance of computer hardware and computer software	_____	_____	_____

SUBTOTAL CURRENT EXPENDITURES

(7) Allocation for future projects (cumulative totals)	_____	_____	_____
--	-------	-------	-------

TOTAL EXPENDITURES AND ALLOCATIONS

SOURCES AND ESTIMATES OF REVENUE:

January 1, Cash balance (of each year of plan)	_____	_____	_____
Less encumbered appropriations	_____	_____	_____
Equals Cash balance available for current plan	_____	_____	_____
Plus Auto Excise, CVET and Financial Institutions Tax receipts	_____	_____	_____
Plus Other revenue	_____	_____	_____

TOTAL FUNDS AVAILABLE FOR PLAN

Based upon an assessed valuation of	_____	_____	_____
The Projected Tax Rate for the Library Capital Projects fund will be	_____	_____	_____

Ten or more taxpayers in the library district who will be affected by the plan may file a petition with the County Auditor of _____ County, not later than then (10) days after publication of this notice, setting forth their objections to the plan. Upon filing of the petition, the County Auditor shall immediately certify the same to the Department of Local Government Finance, which Department will fix a date and conduct a public hearing on the plan before issuing its approval or disapproval thereof.

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

General Counsel

Date:

Summary

Chapter 9: Library Capital Projects Fund



In this section, we have discussed the following:

- *What the procedures are for establishment of a Library Capital Projects Fund.*
- *Library Capital Projects Funds require final approval from the Commissioner of the Department of Local Government Finance.*
- *A Library Capital Projects Fund can be used for specific purposes.*
- *Answers to common questions people have regarding a Library Capital Projects Fund.*

Chapter 10: Incurring Debt



In this section, we will discuss the following:

- *The types of debt allowed for a library*
- *The procedures for establishment of a debt service fund.*

PROCEDURE FOR ESTABLISHMENT OF A DEBT SERVICE FUND

In addition to complying with the budget requirements of Ind. Code § 6-1.1-17, a taxing unit must follow the steps for establishing a debt service fund. If the establishment is not in compliance with Indiana Code's and this section, a tax may not be levied in the ensuing year. After a political subdivision complies with the necessary requirements to establish a debt service fund, it may levy a property tax annually at the rate approved without further action. The tax levy must be advertised annually as other tax levies are advertised and adopted.

Types of Debt

There are three types of debt a County can incur; they are:

- | | |
|-------------------------------------|---------------|
| (1) Bonds | |
| a. General Obligation | IC 6-1.1-20 |
| b. Park District | IC 31-10-3-24 |
| c. Special Taxing District | |
| i. Solid Waste Management Districts | IC 12-21-7 |
| ii. Sanitary District Bonds | IC 36-9-25-27 |
| (2) Leases | IC 36-1-10 |
| (3) Public Works Project Loans | IC 36-1-12 |

Bonds

Bonds are governed by the state statute I.C. 6-1.1-20. The definition of bonds is:

Sec. 1. For purposes of this chapter, the term "bonds" means any bonds or other evidences of indebtedness payable from property taxes for a controlled project, but does not include:

- (1) notes representing loans under IC 36-2-6-18, IC 36-3-4-22, IC 36-4-6-20, or IC 36-5-2-11 which are payable within five (5) years after issuance;
- (2) warrants representing temporary loans which are payable out of taxes levied and in the course of collection;
- (3) a lease;
- (4) obligations; or
- (5) funding, refunding, or judgment funding bonds of political subdivisions.

Leases

Leases are governed by the state statute IC 36-1-10. The following are excerpt from the code:

IC 36-1-10-1

Application of chapter:

Sec. 1. (a) Except as provided in subsection (b), this chapter applies to:

- (1) political subdivisions and agencies of political subdivisions that determine to acquire structures, transportation projects, or systems by lease or lease-purchase;
- (2) a convention and visitor bureau established under IC 6-9-2 that

determines to acquire a visitor center by lease or lease purchase; and

(3) a convention and visitor commission established by IC 6-9-11 that determines to acquire a sports and recreation facility by lease or lease purchase.

(b) This chapter does not apply to:

(1) the lease of library buildings under IC 36-12-10, unless the library board of the public library adopts a resolution to proceed under this chapter instead of IC 36-12-10;

(2) the lease of school buildings under IC 21-5;

(3) county hospitals organized or operating under IC 16-22-1 through IC 16-22-5;

(4) municipal hospitals organized or operating under IC 16-23-1;

or

(5) boards of aviation commissioners established under IC 8-22-2.

IC 36-1-10-2

Definitions

Sec. 2. As used in this chapter “Leasing agent” means the board or officer of a political subdivision or agency with the power to lease structures.

“Parking facility” refers to a parking facility as defined in IC 36-9-1.

“Structure” means:

(1) a building used in connection with the operation of a political subdivision; or

(2) a parking facility.

The term includes the site, the equipment, and appurtenances to the building or parking facility.

“System” means:

(1) a computer (as defined in IC 36-8-15-4);

(2) a communications system (as defined in IC 36-8-15-3(1)); or

(3) mobile or remote equipment that is coordinated by or linked with a computer or communications system.

“Transportation project” means a road or highway project jointly undertaken by the Indiana department of transportation and any county through which a toll road project under IC 8-15-2 passes. A transportation project must be located within an area described in IC 8-15-2-1(a)(3) or IC 8-15-2-1(a)(4).

IC 36-1-10-7

Lease of structures, systems, or transportation projects; petition; need

Sec. 7. A leasing agent may not lease a structure, transportation project, or system, unless:

(1) the leasing agent received a petition signed by fifty (50) or more taxpayers of the political subdivision or agency, and

(2) the fiscal body of the political subdivision determines, after investigation, that the structure, transportation project, or system is needed.

Public Works Project Loan

A public works project is defined in IC 36-1-12 as:

Sec. 2. As used in this chapter, "public work" means the construction, reconstruction, alteration, or renovation of a public building, airport facility, or other structure that is paid for out of a public fund or out of a special assessment. The term includes the construction, alteration, or repair of a highway, street, alley, bridge, sewer, drain, or other improvement that is paid for out of a public fund or out of a special assessment. The term also includes any public work leased by a political subdivision under a lease containing an option to purchase.

IC 36-1-12-3 further defines the requirements for a public works project:

Sec. 3. (a) The board may purchase or lease materials in the manner provided in IC 5-22 and perform any public work, by means of its own workforce, without awarding a contract whenever the cost of that public work project is estimated to be less than one hundred thousand dollars (\$100,000). Before a board may perform any work under this section by means of its own workforce, the political subdivision or agency must have a group of employees on its staff that is capable of performing the construction, maintenance, and repair applicable to that work. For purposes of this subsection, the cost of a public work project includes the actual cost of materials, labor, equipment, rental of equipment, and a reasonable rate for use of trucks and heavy equipment owned, and all other expenses incidental to the performance of the project.

(b) When the project involves the rental of equipment with an operator furnished by the owner, or the installation or application of materials by the supplier of the materials, the project is considered to be a public work project and subject to this chapter. However, an annual contract may be awarded for equipment rental and materials to be installed or applied during a calendar or fiscal year if the proposed project or projects are described in the bid specifications.

(c) A board of aviation commissioners or an airport authority board may purchase or lease materials in the manner provided in IC 5-22 and perform any public work by means of its own workforce and owned or leased equipment, in the construction, maintenance, and repair of any airport roadway, runway, taxiway, or aircraft parking apron whenever the cost of that public work project is estimated to be less than fifty thousand dollars (\$50,000).

(d) Municipal and county hospitals must comply with this chapter for all contracts for public work that are financed in whole or in part with cumulative building fund revenue, as provided in section 1(c) of this chapter. However, if the cost of the public work is estimated to be less than fifty thousand dollars (\$50,000), as reflected in the board minutes, the hospital board may have the public work done without receiving bids, by purchasing the materials and performing the work by means of its own workforce and owned or leased equipment.

(e) If a public works project involves a structure, an improvement, or a facility under

the control of a department (as defined in IC 4-3-19-2(2)), the department may not artificially divide the project to bring any part of the project under this section.

Designation of Debt

There are two designations of debt. They are

- (1) Controlled projects
- (2) Uncontrolled projects

Bonds and leases are defined as controlled or uncontrolled in I.C. 6-1.1-20-1.1, which reads:

As used in this chapter, “controlled project” means any project financed by bonds or a lease except

- (1) A project for which the political subdivision reasonably expects to pay:
 - (A) debt service; or
 - (B) lease rentalsfrom funds other than property taxes that are exempt from the levy limitations of I.C. 6-1.1-18.5 or I.C. 6-1.1-19. A project is not a controlled project even though the political subdivision has pledged to levy property taxes to pay the debt service or lease rentals if those other funds are insufficient.
- (2) A project that will not cost the political subdivision more than two million dollars (\$2,000,000)
- (3) A project that is being refinanced for the purpose of providing gross or net present value savings to taxpayers.
- (4) A project for which bonds were issued or leases were entered into before January 1, 1006, or where the state board of tax commissioners has approved the issuance of bonds or the execution of leases before January 1, 1006.
- (5) A project that is required by a court order holding that a federal law mandates the project.

Controlled Projects

The procedures for incurring debt for a controlled project are set out in IC 6-1.1-20, which reads as follows:

Sec. 3.1 A political subdivision may not impose property taxes to pay debt service or lease rentals without completing the following procedures:

- (1) The proper officers of a political subdivision shall:
 - a. Publish notice in accordance with IC 5-3-1; and
 - b. Send notice by first class mail to any organization that delivers to the officers, before January 1 of that year, an annual written request for such notices; of any meeting to consider adoption of a resolution or an ordinance making a preliminary determination to issue bonds or enter

- into a lease and shall conduct a public hearing on a preliminary determination before adoption of the resolution or ordinance.
- (2) When the proper officers of a political subdivision make a preliminary determination to issue bonds or enter into a lease, the officers shall give notice of the preliminary determination by:
 - a. Publication in accordance with IC 5-3-1; and
 - b. First class mail to the organizations described in subdivision (1)(b).
 - (3) A notice under subdivision (2) of the preliminary determination of the political subdivision it issue bonds or enter into a lease must include the following information:
 - a. The maximum term of the bonds or lease
 - b. The maximum principal amount of the bonds or the maximum least rental for the lease
 - c. The estimated interest rates that will be paid and the total interest costs associated with the bonds or lease.
 - d. The purpose of the bonds or lease
 - e. A statement that any owners or real property within the political subdivision who want to initiate a petition and remonstrance process against the proposed debt service or lease payments must file a petition that complies with subdivision (4) and (5) not later than thirty (30) days after publication in accordance with IC 5-3-1.
 - (4) After notice is given, a petition requesting the application of a petition and remonstrance process may be filed by the lesser of:
 - a. One hundred (100) owners of real property within the political subdivision; or
 - b. Five percent (5%) of the owners of real property within the political subdivision.
 - (5) The state board of accounts shall design and, upon request by the county auditor, deliver to the county auditor of the county auditor's designated printer the petition forms to be used solely in the petition process described in this section. The county auditor shall issue to an owner or owners of real property within the political subdivision the number of petition forms requested by the owner or owners. Each form must be accompanied by instructions detailing the requirements that:
 - a. The carrier and signers must be owners of real property
 - b. The carrier must be a signatory on a least one (1) petition
 - c. After the signatures have been collected, the carrier must swear or affirm before a notary public that the carrier witnessed each signature; and
 - d. Govern the closing date for the petition period.Persons requesting forms may not be required to identify themselves and may be allowed to pick up additional copies to distribute to other property owners.
 - (6) Each petition must be verified under oath by at least one (1) qualified petitioner in a manner prescribed by the state board of accounts before the petition is filed with the county auditor under subdivision (7).

- (7) Each petition must be filed with the county auditor not more than thirty (30) days after publication under subdivision (2) of the notice of the preliminary determination.
- (8) The county auditor must file a certificate and each petition with:
 - a. The township trustee, if the political subdivision is a township, who shall present the petition or petitions to the township board; or
 - b. The body that has the authority to authorize the issuance of the bonds or the execution of a lease, if the political subdivision is not a township;within fifteen (15) business days of the filing of the petition requesting a petition and remonstrance process. The certificate must state the number of petitioners that are owners of real property within the political subdivision. If a sufficient petition requesting a petition and remonstrance process is not filed by owners of real property as set forth in this section, the political subdivision may issue bonds or enter into a lease by following the provisions of law relating to the bonds to be issued or lease to be entered into.

After all these procedures have been completed, the political subdivision must seek approval from the Department of Local Government Finance as required by IC 6-1.1-20-3.2(7):

- (6) After a political subdivision has gone through the petition and remonstrance process set forth in this section, the political subdivision is not required to follow any other remonstrance or objection procedures under any other law (including section 5 of this chapter) relating to bonds or leases designed to protect owners of real property within the political subdivision from the imposition of property taxes to pay debt service or lease rentals. However, the political subdivision must still receive the approval of the department of local government finance required by IC 6-1.1-18.5-8 or IC 6-1.1-19-8.

Uncontrolled Projects

Political subdivisions are not required to publish any notices before petitioning the Local Government Tax Control Board to appear for a recommendation for projects that are considered as uncontrolled. They must, however, adopt a resolution approving the project and the financing.

Local Government Tax Control Board (LGTCB)

The taxing unit must petition the Local Government Tax Control Board to be placed on the agenda for the next meeting, per IC 6-1.1-18.5-8(a)(2). The taxing unit must appear at the meeting to present project and answer questions by the LGTCB members. The members will then make a recommendation to approve, modify or deny a debt service fund to finance the project to the Commissioner of the Department of Local Government Finance. The Commissioner will review the minutes of the meeting and the

submitted documentation and make a final decision on whether to approve, modify or deny a debt service fund to finance the project. The department of local government finance shall render a decision within three (3) months after the date it receives a request for approval. However, the department of local government finance may extend this three (3) month period by an additional three (3) months if, at least ten (10) days before the end of the original three (3) month period, the department sends notice of the extension to the executive officer of the civil taxing unit. A civil taxing unit may petition for judicial review of the final determination of the department of local government finance under this section. The petition must be filed in the tax court not more than forty-five (45) days after the department enters its order under this section.

Approved Indebtedness

If the Department of Local Government Finance approves a bond issuance or execution of a lease for your county, then you must submit a final amortization schedule on or before December 31st of the current year for a tax rate to be imposed in the ensuing year. Based on the final amortization schedule, the amount needed to cover the bond or lease rental payment will be “worked” in during the certification of budgets, tax rates and tax levies for the county as a separate debt service fund.

Summary

Chapter 10: Incurring Debt



In this section, we have discussed the following:

- *The types of debt allowed for a library*
- *The procedures for establishment of a debt service fund.*

GLOSSARY

Frequently Used Terms

Term	Definition
100% Levy	100% of the fund tax levies as approved by the Department of Local Government Finance
Appropriation	Authority by Library Board to expend funds
Budget Form 1	Budget form used to estimate budgetary needs, by line item, for the ensuing budget year
Budget Form 2	Budget form used to estimate revenues, other than tax money. The form consists of two columns, Column A represents the period July 1 to December 31 of the current budget year. Column B represent the period January 1 to December 31 of the ensuing budget year
Budget Form 3	Budget form used to advertise the date of the public hearing, adoption meeting, budget and levy for the ensuing budget year. The form also informs taxpayers of the maximum permissible levy and appeal rights
Budget Form 4	Budget form used by the Library Board approving (adopting) major budget fund classifications for the ensuing budget year
Budget Form 4B	Budget form used to produce a fund tax rate. Form indicates the financial information necessary to fund the ensuing budget.
Budget Form 5	Budget form used to adopt tax rates.
Cash	Monies on hand or invested as evidenced by entry in the unit's ledger
Controlled Levy	Tax monies raised which are chargeable against the Maximum Permissible Levy such as the Operating Fund.
Current Budget Year	The budget year under which a library is operating.

Excessive Levy	An amount of money which exceeds the maximum permissible levy. Can become a permanent increase or a one year increase depending upon the type of appeal submitted. Appeal must be submitted to the Department of Local Government Finance on or before September 19 of the current year
Exempt Levy	Tax money raised which is outside the Maximum Permissible Levy such as a Debt Service Fund
Fiscal Body	Library Board
Levy Excess	That amount of money which is actually raised in excess of 100% of the fund levy approved by the Department of Local Government Finance
Local Government Tax Control Board	Seven member board which holds hearings for excessive levy appeals and debt service requests and <u>recommends</u> approval, disapproval or modification to such requests
Maximum Permissible Levy (Maximum Levy)	The maximum amount of tax money which may be raised in any budget year as determined by the Department of Local Government Finance

Appendix

Library Budget Forms

Sample Budget Orders

Excessive Levy Appeal Application